

# City of Capitola

## Joint City Council and Planning Commission Workshop

### Thursday, March 16, 2023 – 6:00 PM



City Council Chambers  
420 Capitola Avenue, Capitola, CA 95010

**Mayor:** Margaux Keiser

**Vice Mayor:** Kristen Brown

**Council Members:** Yvette Brooks, Joe Clarke, Alexander Pedersen

#### Special Joint Meeting of the Capitola City Council and Planning Commission – 6 PM

*All correspondences received prior to 5:00 p.m. on the day preceding a Special Meeting will be distributed to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers/Commissioners, nor be read by them prior to consideration of an item.*

#### 1. Roll Call and Pledge of Allegiance

Council Members Yvette Brooks, Joe Clarke, Alexander Pedersen, Kristen Brown and Mayor Margaux Keiser. Commissioners Gerry Jensen, Paul Estey, Peter Wilk, Courtney Christiansen, and Chair Susan Westman.

#### 2. Additions and Deletions to the Agenda

#### 3. Additional Materials

*Additional information submitted to the City after distribution of the agenda packet.*

A. Correspondence Received - Item 5A

#### 4. Oral Communications by Members of the Public

*Please review the Notice of Remote Access for instructions. Oral Communications allows time for members of the Public to address the City Council on any "Consent Item" on tonight's agenda, or on any topic within the jurisdiction of the City that is not on the "General Government/Public Hearings" section of the Agenda. Members of the public may speak for up to three minutes, unless otherwise specified by the Mayor. Individuals may not speak more than once during Oral Communications. All speakers must address the entire legislative body and will not be permitted to engage in dialogue. A **maximum of 30 minutes** is set aside for Oral Communications.*

#### 5. General Government / Public Hearings

*All items listed in "General Government / Public Hearings" are intended to provide an opportunity for public discussion of each item listed. The following procedure pertains to each General Government item: 1) Staff explanation; 2) Council questions; 3) Public comment; 4) Council deliberation; 5) Decision.*

A. Citywide Housing Element Work Session

Recommended Action: Receive a presentation regarding the Housing Element Update and Sites Inventory.

#### 6. Adjournment

### Notice of In-Person & Remote Access

**Meetings are open to the public for in-person attendance at the Capitola City Council Chambers located at 420 Capitola Avenue, Capitola, California, 95010**

**Other ways to Watch:**

Spectrum Cable Television channel 8

City of Capitola, California YouTube Channel

**To Join Zoom Application or Call in to Zoom:**

Meeting

link: <https://us02web.zoom.us/j/83090940627?pwd=YnJhRlFtYWZlMkhCTytQW5GOHhZz09>

Or dial one of these phone numbers: **1 (669) 900 6833, 1 (408) 638 0968, 1 (346) 248 7799**

Meeting ID: **830 9094 0627**

Meeting Passcode: **468479**

**To make a remote public comment:**

**Via Zoom Application:** Use participant option to “raise hand”. The moderator will unmute you

**Via Zoom phone call:** Dial \*9 on your phone to “raise your hand”. The moderator will unmute you

**Notice regarding City Council:** The City Council meets on the 2nd and 4th Thursday of each month at 6:00 p.m. in the City Hall Council Chambers located at 420 Capitola Avenue, Capitola.

**Agenda and Agenda Packet Materials:** The City Council Agenda and the complete Agenda Packet are available for review on the City’s website: [www.cityofcapitola.org](http://www.cityofcapitola.org) and at Capitola City Hall prior to the meeting. Agendas are also available at the Capitola Post Office located at 826 Bay Avenue Capitola. Need more information? Contact the City Clerk’s office at 831-475-7300.

**Agenda Materials Distributed after Distribution of the Agenda Packet:** Pursuant to Government Code §54957.5, materials related to an agenda item submitted after distribution of the agenda packet are available for public inspection at the Reception Office at City Hall, 420 Capitola Avenue, Capitola, California, during normal business hours.

**Americans with Disabilities Act:** Disability-related aids or services are available to enable persons with a disability to participate in this meeting consistent with the Federal Americans with Disabilities Act of 1990. Assisted listening devices are available for individuals with hearing impairments at the meeting in the City Council Chambers. Should you require special accommodations to participate in the meeting due to a disability, please contact the City Clerk’s office at least 24 hours in advance of the meeting at 831-475-7300. In an effort to accommodate individuals with environmental sensitivities, attendees are requested to refrain from wearing perfumes and other scented products.

**Televised Meetings:** City Council meetings are cablecast “Live” on Charter Communications Cable TV Channel 8 and are recorded to be rebroadcasted at 8:00 a.m. on the Wednesday following the meetings and at 1:00 p.m. on Saturday following the first rebroadcast on Community Television of Santa Cruz County (Charter Channel 71 and Comcast Channel 25). Meetings are streamed “Live” on the City’s website at [www.cityofcapitola.org](http://www.cityofcapitola.org) by clicking on the Home Page link “**Meeting Agendas/Videos.**” Archived meetings can be viewed from the website at any time.

**Moss, Julia**

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**From:** Ron Burke <rburke477@gmail.com>  
**Sent:** Wednesday, March 15, 2023 6:21 PM  
**To:** City Council; PLANNING COMMISSION  
**Subject:** Regional Housing Needs Allocation (RHNA)

Capitola Council members and Planning Commissioners,

As a former Planning Commissioner, I realize the importance of effective planning to address housing needs in our city. There is a balanced need to maintain the integrity of our city, both historical and its future. Capitola is a very unique place which requires care.

In your consideration of opportunity sites to meet the state's Regional Housing Needs Allocation (RHNA), I strongly encourage you to consider several concerns these mandates have on our small and already densely populated community:

- Consider sites where mixed-use commercial and residential are scaled to the community - not large blocks of buildings, eg, atop the Dancecenter on Bay Ave and Fast Eddy's and Dharma's on Capitola Rd
- Spread the wealth - distribute sites throughout the city, avoiding massed construction which dwarf's existing adjacent homes
- There are no sacred areas of the city - all are subject to the impact of the state's measures
- Consider parking - despite the measures the state has placed on what the city may constrain in a development, think outside the box and consider how you may also constrain impacts to surrounding areas outside of proposed developments
- Be creative - the city has been subject to other measures which we have creatively addressed
- Allocate *many* more count to ADUs - these are local, more feasible and practical for our city
- Anticipate that slowing the process may assist in guarding against the impact of lessening of standards by the state
- Lastly, push back - to reduce the RHNA count to Capitola - it is horrible that city representation permitted AMBAG to thrust such an obtrusive count on our small community - fight back

Thank you for your consideration.

Ron & Nadine Burke of the Jewel Box

**Moss, Julia**

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**From:** michael routh <qwakwak@gmail.com>  
**Sent:** Thursday, March 16, 2023 1:45 PM  
**To:** Herlihy, Katie (kherlihy@ci.capitola.ca.us)  
**Cc:** City Council; PLANNING COMMISSION  
**Subject:** Re: Reminder: City of Capitola Housing Element Work Session Tonight at 6 pm.

Hi Katie,

Just a few comments on the proposed housing element....

It appears that Cap Rd and vicinity between 45th and 41st Aves is receiving an inordinate amount of targeted sites for housing. This doesn't seem fair to the west side residents to receive the bulk of identified sites. Sites to accommodate multiple housing units should be spread throughout the city instead of being concentrated on one street.

The following sites should be identified to reduce the number of targeted sites on Cap Rd :

1. Redtree vacant property and their office building on Bay Ave adjacent to Hiway 1.
2. The under utilized commercial complex on Capitol Ave housing the Cook House restaurant and the adjacent property with the Mexican restaurant and auto detailing business.
3. The property on Capitola Ave housing the bridal boutique shop next to the Mansion apts.
4. A portion of the Monterey Ave Park adjacent to the school.
5. 600 Park Ave - a low density apt complex nearing the end of its economic life.
6. Under utilized commercial property adjacent to the city corporation yard.
7. The RV storage on Jade St belonging to the mobile home park.
8. The old kennels on Cap Rd and Bulb Ave.
9. The old auto dealer site at the end of Auto Plaza Dr. It's primarily storage for the Toyota dealer. It can be accessed off Wharf Rd.
10. The Gotti property on Bay Ave, from the produce market to Hill St.
11. Monarch Cove property.

Thanks for considering this.  
Mick Routh

Sent from my iPad

On Mar 16, 2023, at 1:03 PM, Herlihy, Katie (kherlihy@ci.capitola.ca.us) <kherlihy@ci.capitola.ca.us> wrote:

Dear Interested Members of the Capitola Community,

This is an email reminder that the Planning Commission and City Council are hosting a joint work session this evening to discuss the first draft of the Housing Sites Inventory for the Housing Element

Update. The meeting will begin at 6 pm in City Council Chambers located at 420 Capitola Avenue, Capitola, California, 95010.

You may view the staff report and the first draft of the sites inventory map by opening the following link: [Link to the March 16, 2023 Agenda Packet](#)

Meetings are open to the public for in-person attendance at the Capitola City Council Chambers or through remote access.

Other ways to Watch:

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Regards,

Katie Herlihy, AICP  
 City of Capitola  
 Community Development Director  
[kherlihy@ci.capitola.ca.us](mailto:kherlihy@ci.capitola.ca.us)  
 831.475.7300 ext 216



Building Counter Hours: 9 am - noon  
 Planning Counter Hours: 1 pm – 4 pm

# Joint Capitola City Council & Planning Commission Work Session Agenda Report



**Meeting:** March 16, 2023

**From:** Community Development Department

**Subject:** Citywide Housing Element Work Session

**Recommended Action:** Receive a presentation regarding the Housing Element Update and Sites Inventory.

**Background:** In accordance with applicable State housing law, local government agencies are legally required to adopt plans and programs for housing that provide opportunities for and do not unduly constrain housing development. The Housing Element, which is one of seven State-mandated components of the City's General Plan, is therefore a mechanism by which the State requires local jurisdictions to provide a variety of housing options and strive toward reaching regional housing needs while maintaining civic and local responsibility toward economic, environmental, and fiscal factors and community goals stated within adopted General Plan documents.

Housing Elements are required to be updated every eight years and must be certified by the State of California Department of Housing and Community Development (HCD) prior to finalization, in order for HCD to ensure that cities are taking necessary steps to promote the creation of housing for all income categories and of all housing types.

The City's current Housing Element was adopted by the Capitola City Council in 2015 and certified by the State of California in 2016 and will be in effect through December 2023. The City is required by law to update the Housing Element for the 2023-2031 planning period (also known as the sixth cycle) and have the updated Housing Element adopted and certified by HCD by December 31, 2023.

On May 12, 2022, the City Council authorized an agreement with RRM Design Group (RRM) for the preparation of the 2023-2031 Housing Element. Staff has worked with RRM to assess existing and projected housing needs, review the existing Housing Element, and commence work on the updated Housing Element. In addition, pursuant to applicable State housing law, the City has begun soliciting public input from all segments of the community in the preparation of the Housing Element including stakeholder meetings, a community meeting, Planning Commission meeting, City Council meeting, and a housing survey.

**Discussion:** The focus of the March 16, 2023, joint Planning Commission and City Council work session is to provide an overview on the Housing Element and the first draft of the Sites Inventory. After the presentation, the public will be given the opportunity to provide public comment followed by City Council and Planning Commission comments.

## Housing Element Required Sections

State law (California Government Code Sec. 65583 et seq) sets forth requirements for Housing Elements and related land use regulations related to housing. The Draft 2023-2031 Housing Element will include the following components:

- **Background Information:** A housing needs assessment which identifies and analyzes the existing and projected housing needs within the City by examining demographic, employment, and housing trends and conditions, with attention paid to special housing needs (e.g., seniors, large families, persons with disabilities).
- **Constraints on Housing Analysis:** An analysis of existing and potential governmental and nongovernmental barriers to housing development.

- **Housing Resources:** An inventory of resources relevant to meeting the City's housing needs.
- **Housing Plan:** A statement of goals, policies, quantifiable objectives, and financial resources available for the preservation, improvement, and development of housing.
- **Evaluation of Past Performance:** Review of the 2015-2023 5<sup>th</sup> cycle Housing Element to measure progress and effectiveness of housing and outreach policies and programs.
- **Public Participation:** Implement a robust community engagement program, reaching out to all economic segments of the community plus traditionally underrepresented groups.
- **Sites Inventory:** Identify locations of available sites for housing development or redevelopment to ensure there is enough land zoned for housing to meet the future need at all income levels.

### **Regional Housing Needs Allocation (RHNA)**

The Regional Housing Needs Allocation (RHNA) is mandated by State law to quantify the need for housing throughout the State. This informs the local planning process to address existing and future housing needs resulting from projected state-wide growth in population, employment, and households. Every City and County in California must plan for its fair share of the region's housing need, as determined through the RHNA process. HCD identifies the total housing need for each region of the state. In the Monterey Bay region, the Association of Monterey Bay Area Governments (AMBAG) distributes this regional need to local governments. Once a local government has received its RHNA, it must revise its Housing Element to demonstrate how it plans to accommodate its portion of the region's housing need.

Capitola's 5<sup>th</sup> cycle RHNA requirement was 143 units, which was the same requirement as the previous 4<sup>th</sup> cycle. AMBAG has allocated Capitola 1,336 housing units for the current 2023-2031 6<sup>th</sup> cycle.

It is important to note that the Housing Element is a policy document, and no actual development is proposed as part of the adoption of the housing element. Further implementation actions will need to be undertaken in accordance with state law (Assembly Bill 1398). In general, housing units are not built by the City but instead developed primarily by private and nonprofit developers on private property.

Recent changes to state law have imposed new requirements for the Housing Elements which introduces substantial challenges to the City's ability to identify sites to accommodate our required RHNA allocation. New Housing Element requirements include:

- **Higher RHNA Allocations:** The City's 2015-2023 Housing Element RHNA allocation was 143 units, including 57 lower-income units. Comparatively, the 2023-2031 Housing Element RHNA allocation of 1,336 units, including 712 lower-income units, is approximately 9.3 times higher than the previous element's allocation.
- **Affirmative Further Fair Housing (AFFH):** Assembly Bill 686 was passed in 2018 as the statewide framework to affirmatively further fair housing (AFFH) to promote inclusive communities, further housing choice, and address racial and economic disparities through government programs, policies, and operations. AB 686 defines "affirmatively furthering fair housing" to mean "taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity" for persons of color, persons with disabilities, and other protected classes. The bill added an assessment of fair housing to the housing element which includes the following components: a summary of fair housing issues and assessment of the City's fair housing enforcement and outreach capacity; an analysis of segregation patterns and disparities in access to opportunities, an assessment of contributing factors, and an identification of fair housing goals and actions.
- **Eligible Lower-Income Sites:** There are new regulations regarding the extent to which the City can reuse sites included in previous Housing Elements and increased scrutiny of small, and non-vacant sites when these sites are proposed to accommodate units for very low- and low-income households.

- **No Net Loss:** A 2017 amendment to Government Code Section 65863 (No Net Loss) requires that jurisdictions preserve sufficient and available sites for lower-income housing throughout the RHNA planning period at all times. The City cannot permit the reduction of residential density for any site unless the reduction is consistent with the adopted General Plan, including the Housing Element. Additionally, if the City allows development of any site with less units by income level than identified in the Housing Element for that site, it must determine if the remaining sites identified in the Housing Element are adequate to meet that need by income level. If sites identified for lower-income housing are developed with less units than identified in the Housing Element or developed for a higher income group, the City shall either identify and rezone adequate substitute sites or demonstrate that the land inventory already contains adequate substitute sites so that there is no net loss of residential unit capacity.

### **Sites Inventory and Density**

The City must demonstrate in its Housing Element the ability to meet its RHNA allocation, through the provision of sites suitable for residential development. To meet the assigned housing needs, the Housing Element will identify sites that may be suitable for residential development, including vacant and non-vacant sites throughout the City. In addition, the City will include an estimate of ADUs projected to be constructed during the planning period based on development trends. The sites inventory analysis will demonstrate that the City has adequate capacity to accommodate the RHNA for the 2023-2031 6<sup>th</sup> cycle planning period. The City will also be required to specify the projected housing type/density for each identified site.

### **Public Participation**

The 2023-2031 Housing Element update process has provided, and will continue to provide, residents and other interested parties with opportunities to review draft documents and proposed policies, and to provide recommendations for consideration by decision-makers pursuant to Government Code §65583.

To date, the following public outreach efforts have been made during the update process:

- Online Housing Needs Survey (November 2022 – March 2023)
- Stakeholder Interviews (November 2022)
- Planning Commission Study Session (February 2, 2023)
- City Council Meeting (February 9, 2023)
- Community Workshop #1 (February 16, 2023)

The following public outreach efforts will be conducted throughout the remainder of the update process:

- Public Review of Draft Housing Element (30 days; Spring 2023)
- Community Workshop #2 (During Public Review period)
- Public Hearings (Fall 2023)

### **Next Steps**

City staff and RRM will coordinate on providing the following for the 6<sup>th</sup> cycle Housing Element Update:

- Complete draft sites inventory analysis;
- Draft the Housing Element document and publish for 30-day public review (Spring 2023);
- Periodically report to the Planning Commission for recommendations and input;
- Prepare and refine draft CEQA documents;
- Submittal to HCD (14 days after close of Public Review);



- HCD Mandatory Review of Draft Housing Element (The draft housing element initial review period by HCD of 90 days. Subsequent review cycles by HCD will be 30 day increments);
- Respond to HCD comments; and
- Conduct Planning Commission/City Council hearings for adoption of the Housing Element (Fall/Winter 2023)

Fiscal Impact: There is no fiscal impact associated with this report.

Report Prepared By: Katie Herlihy, Community Development Director

Reviewed By: Julia Moss, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager



HOUSING ELEMENT UPDATE: 6TH CYCLE  
SITES INVENTORY ANALYSIS

**PROPOSED RHNA SITES**  
(No Rezoning)

**MAP FEATURES**

- City Limit
- Coastal Zone Boundary
- Selected Sites for Analysis
- Initially Selected Sites That Have Been Removed
- Potential Site for Site Example Exhibit

**ZONING DESIGNATIONS**

- Residential Zoning Districts**
- R-1 - Single Family Residential
  - RM-L - Multi-Family Residential, Low Density
  - RM-M - Multi-Family Residential, Medium Density
  - RM-H - Multi-Family Residential, High Density
  - MH - Mobile Home Park
- Mixed-Use Zoning Districts**
- MU-V - Mixed Use Village
  - MU-N - Mixed Use Neighborhood
- Commercial and Industrial Zoning Districts**
- C-R - Regional Commercial
  - C-C - Community Commercial
  - I - Industrial
- Other Zoning Districts**
- P/OS - Parks and Open Space
  - CF - Community Facility
  - PD - Planned Development
  - VS - Visitor Serving

**NOTES**

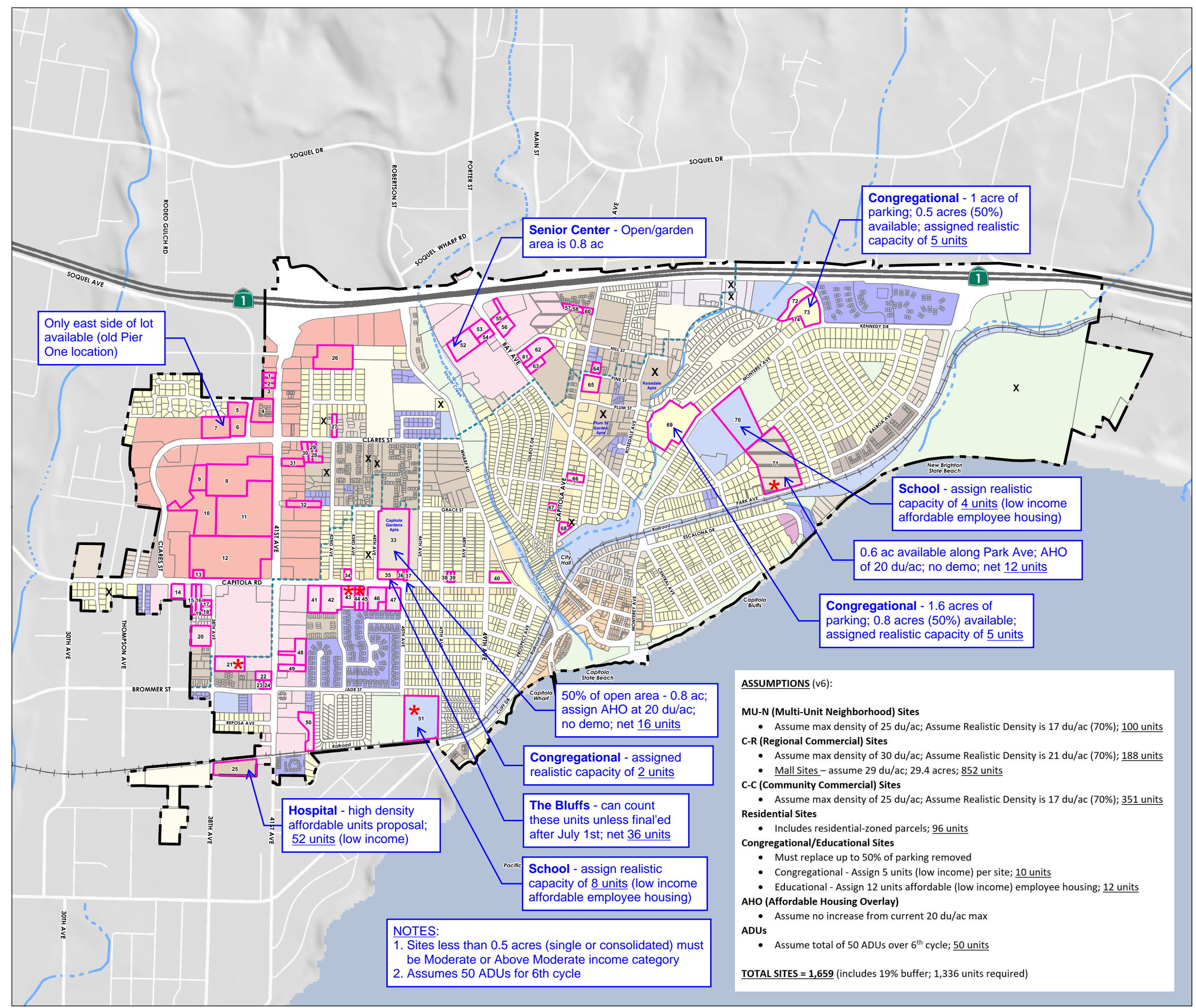
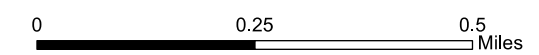
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Base map and data from City of Capitola and Santa Cruz County GIS data. Direct all inquiries to the City of Capitola Planning Division at (xxx) xxx-xxxx or at (email here).

Drawn by: RRM Design Group; Created on: March 10, 2023.  
ArcMap GIS, Version 10.8, Redlands, CA: Esri

MARCH 10, 2023  
**DRAFT v6**



**Congregational** - 1 acre of parking; 0.5 acres (50%) available; assigned realistic capacity of **5 units**

**Senior Center** - Open/garden area is 0.8 ac

Only east side of lot available (old Pier One location)

**School** - assign realistic capacity of **4 units** (low income affordable employee housing)

0.6 ac available along Park Ave; AHO of 20 du/ac; no demo; net **12 units**

**Congregational** - 1.6 acres of parking; 0.8 acres (50%) available; assigned realistic capacity of **5 units**

50% of open area - 0.8 ac; assign AHO at 20 du/ac; no demo; net **16 units**

**Congregational** - assigned realistic capacity of **2 units**

**The Bluffs** - can count these units unless final'ed after July 1st; net **36 units**

**School** - assign realistic capacity of **8 units** (low income affordable employee housing)

**Hospital** - high density affordable units proposal; **52 units** (low income)

**NOTES:**  
1. Sites less than 0.5 acres (single or consolidated) must be Moderate or Above Moderate income category  
2. Assumes 50 ADUs for 6th cycle

**ASSUMPTIONS (v6):**

- MU-N (Multi-Unit Neighborhood) Sites**
  - Assume max density of 25 du/ac; Assume Realistic Density is 17 du/ac (70%); **100 units**
- C-R (Regional Commercial) Sites**
  - Assume max density of 30 du/ac; Assume Realistic Density is 21 du/ac (70%); **188 units**
  - Mall Sites - assume 29 du/ac; 29.4 acres; **852 units**
- C-C (Community Commercial) Sites**
  - Assume max density of 25 du/ac; Assume Realistic Density is 17 du/ac (70%); **351 units**
- Residential Sites**
  - Includes residential-zoned parcels; **96 units**
- Congregational/Educational Sites**
  - Must replace up to 50% of parking removed
  - Congregational - Assign 5 units (low income) per site; **10 units**
  - Educational - Assign 12 units affordable (low income) employee housing; **12 units**
- AHO (Affordable Housing Overlay)**
  - Assume no increase from current 20 du/ac max
- ADUs**
  - Assume total of 50 ADUs over 6<sup>th</sup> cycle; **50 units**

**TOTAL SITES = 1,659** (includes 19% buffer; 1,336 units required)