

City of Capitola

City Council Meeting Agenda

Thursday, September 24, 2026 – 6:00 PM



City Council Chambers

420 Capitola Avenue, Capitola, CA 95010

Mayor: Margaux Morgan

Vice Mayor: Gerry Jensen

Council Members: Joe Clarke, Melinda Orbach, Susan Westman

Closed Session – 5 PM

Closed Sessions are not open to the public and held only on specific topics allowed by State Law (noticed below). An announcement regarding the items to be discussed in Closed Session will be made in the City Hall Council Chambers prior to the Closed Session. Members of the public may, at this time, address the City Council on closed session items only. There will be a report of any final decisions in City Council Chambers during the Open Session Meeting.

- i. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2), (e)(1)
(two matters)
- ii. PUBLIC EMPLOYEE APPOINTMENT
Pursuant to Government Code Section 54957(b)(1)
Title: Interim City Manager

Regular Meeting of the Capitola City Council – 6 PM

1. Roll Call and Pledge of Allegiance

Council Members Joe Clarke, Melinda Orbach, Susan Westman, Vice Mayor Gerry Jensen, and Mayor Margaux Morgan

2. Additions and Deletions to the Agenda

3. Presentations

Presentations are limited to eight minutes.

- A. Proclamation honoring retiring City Manager Jamie Goldstein for his 18 years of service to the City of Capitola

4. Report on Closed Session

5. Additional Materials

Additional information related to an agenda item on this agenda and submitted to the City after distribution of the agenda packet pursuant to Government Code §54957.5. All correspondence received prior to 5:00 p.m. on the Wednesday preceding a Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Wednesday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.

- A. Item 6 - Correspondence Received

- [B.](#) Item 8B - Correspondence Received
- [C.](#) Item 9B - Correspondence Received
- [D.](#) Item 9E - Correspondence Received

6. Oral Communications by Members of the Public

*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.*

7. Staff / City Council Comments

Comments are limited to three minutes.

8. Consent Items

All items listed as “Consent Items” will be enacted by one motion in the form listed below. There will be no separate discussion on these items prior to the time the Council votes on the action unless members of the City Council request specific items to be discussed for separate review. Items pulled for separate discussion will be considered following General Government. Note that all Ordinances which appear on the public agenda shall be determined to have been read by title and further reading waived.

[A.](#) City Council Meeting Minutes

Recommended Action: Approve minutes from the regular meeting on September 10, 2026.

[B.](#) Escalona Drive Right-of-Way Vacation, Parcel Creation, and Reservation of Easements; and Coastal Development Permit

Recommended Action: Adopt a resolution: 1) vacating a portion of the Escalona Drive right-of-way, approving creation of a parcel, and reserving a public open space easement and a public access easement over the parcel; and 2) authorizing the City Manager to execute and record all documents necessary to effectuate these actions, subject to minor modifications approved by the City Manager, City Engineer, and City Attorney and approve a Coastal Development Permit to allow the parcel creation.

[C.](#) Citywide Municipal Code Amendments to Chapters 9 and 17 (Zoning) Second Reading of Ordinance

Recommended Action: Conduct a second reading and adopt an ordinance amending Capitola Municipal Code Title 17 (Zoning) to repeal and replace Chapter 17.88: Incentives for Community Benefits, relocate existing village hotel incentives to Chapter 17.90: Incentives for a Village Hotel with Community Benefits, amend Chapter 17.74: Accessory Dwelling Units, Repeal Chapter 9.08: Tattoo Establishments, make related amendments for Body Art Studios to Chapter 17.20: Mixed Use, Chapter 17.24: Commercial and Industrial Zoning Districts, Chapter 17.96: Supplemental Regulations, and Chapter 17.160 Glossary, and finding that adoption of the ordinance is exempt from CEQA.

9. 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.** Conduit financing for 1098 38th Avenue Affordable Housing Project: Capitola Manor Apartments
Recommended Action: 1) Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the “Code”); 2) Adopt the resolution approving the issuance of the Bonds by the CMFA for the benefit of MidPen Housing Corporation, a California nonprofit public benefit corporation (the “Developer”), on behalf of MP Rail Trail Associates, L.P., a California limited partnership (the “Borrower”), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).
- B.** Parking Rates Increase and Coastal Development Permit
Recommended Action: Approve a Coastal Development Permit for parking meter rate increases for the Upper and Lower City Hall Parking Lots, Village Area, and Cliff Drive Area and introduce, by title only, waiving further reading of the text, an ordinance of the City of Capitola amending Municipal Code Section 10.38.010.
- C.** Park Space Reservation Permit Use Policy
Recommended Action: Adopt a resolution amending Administrative Policy V-21, Park Reservation Permit Use Policy, to revise the areas and/or conditions under which City park facilities may be reserved for exclusive use, and authorize the City Manager or designee to administer the Policy consistent with Chapter 12.40 of the Capitola Municipal Code
- D.** Affordable Housing Down Payment Assistance Program
Recommended Action: Authorize staff to develop an Affordable Housing Down Payment Assistance Program to provide financial assistance toward the purchase of deed-restricted affordable ownership housing in the City of Capitola, with final program guidelines in a format approved by the City Attorney.
- E.** Consider a Resolution of Opposition to California State Proposition 43
Recommended Action: Receive a report and either 1) Adopt a resolution opposing Proposition 43; or 2) Take no formal position on Proposition 43

10. Adjournment

The next regularly scheduled City Council meeting is on October 8, 2026, at 6:00 PM.

How to View the Meeting

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

How to Provide Comments to the City Council

Members of the public may provide public comments to the City Council in-person during the meeting. If you are unable to attend in-person, please email your comments to citycouncil@cityofcapitola.gov and they will be included as a part of the record for the meeting.

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 and at Capitola City Hall prior to the meeting. 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.

Si desea asistir a esta reunión pública y necesita ayuda - como un intérprete de lenguaje de señas americano, español u otro equipo especial - favor de llamar al Departamento de la Secretaría de la Ciudad al 831-475-7300 al menos tres días antes para que podamos coordinar dicha asistencia especial o envíe un correo electrónico a cityclerk@cityofcapitola.gov.

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 by clicking on the Home Page link "Meeting Agendas/Videos." Archived meetings can be viewed from the website at any time.



Fwd: City Manager

From Peter Wilk <wilkforcapitola@gmail.com>

Date Mon 9/21/2026 8:44 PM

To City Council <citycouncil@cityofcapitola.gov>; Melinda Orbach <morbach@cityofcapitola.gov>

Please include my attached email to item 6., public comments for the September 24th City Council Meeting

Peter Wilk

----- Forwarded message -----

From: **Peter Wilk** <petergwilk@gmail.com>

Date: Fri, Sep 18, 2026 at 2:41 PM

Subject: City Manager

To: Peter Wilk <wilkforcapitola@gmail.com>

I've been a resident of Capitola for 10 years. Over that time I've seen many improvements: A new library, a new wharf, an upgraded community center, the treasure cove playground. I could go on and on. None of these improvements could have happened without Jamie Goldstein and his team getting the grants, coordinating contracts, managing communication and doing all the detail work associated with turning a dream into reality. As someone who has learned from him and worked with him, I know that Jamie deserves the undying gratitude of all who live, work and play in Capitola. His shoes will be very difficult to fill. I wish him all the best.

Sent from my iPad



FW: Thank you Jamie!

From Woodmansee, Chloe <cwoodmansee@cityofcapitola.gov>

Date Thu 9/24/2026 3:56 PM

To Milton, Lesley <lmilton@cityofcapitola.gov>; Wyatt, Rosie <rwyatt@cityofcapitola.gov>

 1 attachment (372 KB)

Thank you Jamie Goldstein (1).pdf;

For the record 😊

Please note that I will be out of the office from October 12 through October 25.

Warmly,

Chloé Woodmansee (she/her)

Assistant to the City Manager - City of Capitola

831.475.7300 x220

From: Mariah Roberts <mariah.roberts@countyparkfriends.org>

Sent: Thursday, September 24, 2026 3:55 PM

To: Woodmansee, Chloe <cwoodmansee@cityofcapitola.gov>

Cc: Goldstein, Jamie <jgoldstein@cityofcapitola.gov>; Tricia Wiltshire <tricia@countyparkfriends.org>

Subject: Thank you Jamie!

Dear Chloe and Jamie,

I am unable to attend this evening's city council meeting because I have a family commitment. However, I am hoping to add the following letter into the record.

Please let me know if you prefer I submit the letter to a different address or portal.

Jamie, THANK YOU for your service and partnership!!

Best, Mariah & Team

--

Mariah Roberts

Executive Director

Item 5 A.

831-419-1662

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[County Park Friends Website](#)



COUNTY PARK FRIENDS



Item 5 A.

Board of Directors

Lilia Chagolla

*Member Services Director,
Central CA Alliance for Health*

Terry Corwin

*President & CEO (ret),
Land Trust of SCC*

James Danaher

Attorney at Law (ret)

Lesley Harris

Attorney at Law

Adriana Mata

*Chief Community Impact Officer,
Second Harvest Food Bank SCC*

Lori Merritt

Community Advocate

Kim Namba

County Parks Dep Dir (ret)

Sheila Peck

Environmental Consultant (ret)

Advisors

Gina Castaneda

*Founder/Director,
Aztecas Youth Soccer Academy*

Francisco Estrada

*Analyst, Local Agency Formation
Commission*

Jeff Gaffney

Director, Santa Cruz County Parks

Dan Haifley

Director (ret), O'Neill Sea Odyssey

Kate Pavao

Exec Director, Live Like Coco Fdn

Kimbra Said

*Partner CPA, Hutchinson and
Bloodgood, LLC*

Justin White

CEO, K&D Landscaping

9.24.26

City of Capitola

Atten: Jamie Goldstein

Re: Thanks for your service and your partnership

Dear Jamie,

On behalf of the entire County Park Friends team, I am writing to thank you for your service to the community and partnership to our organization.

Your commitment and skill, moving work forward with integrity and grace, made the Treasure Cove Universally playground collaboration smooth and successful.

We are excited to hear about your next phase, but we will certainly miss the deep expertise and knowledge you have offered us and so many others in your current role.

Thanks again for your partnership. May the wind be always at your back!

Sincerely,

Mariah Roberts MEd

Executive Director

mariah.roberts@countyparkfriends.org

831-419-1662

Lesley Harris

Board Chair

lesley.harris@countyparkfriends.org

Our Mission is to preserve, protect, improve and promote the use of Santa Cruz County parks and open spaces for recreational activities, arts and cultural activities to benefit all generations in our diverse community.

FRIENDS OF SANTA CRUZ COUNTY PARKS

www.countyparkfriends.org

870-17th Avenue, Suite #2 • Santa Cruz, CA 95062

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Consent Agenda Item 8B at 9/24/26 City council meeting

From Leslie Nielsen <lpbeach21@gmail.com>

Date Tue 9/22/2026 10:21 PM

To City Council <citycouncil@cityofcapitola.gov>

Mayor Morgan and Council,

Please pull Consent item 8B - Escalona Drive Right of Way Vacation, Parcel Creation, and reservation of easements and Coastal Development Permits from consent to a discussion item on this weeks city council agenda.

The Coastal Commission comments included in the materials demonstrate clear opposition to the proposed resolution and should be considered and discussed publicly.

Best regards,

Leslie Nielsen



Outlook

Item 8B

From John Mulry <jxmuly@icloud.com>

Date Wed 9/23/2026 12:21 PM

To City Council <citycouncil@cityofcapitola.gov>; City Clerk <cityclerk@cityofcapitola.gov>

Item 8B should not be on consent. It should be discussed. We are giving up city land to create a parcel. Come on folks.

Item 8e

From John <jxmuly@gmail.com>

Date Wed 9/23/2026 1:42 PM

To City Council <citycouncil@cityofcapitola.gov>; City Clerk <cityclerk@cityofcapitola.gov>

As you can this homeowner already uses cars to block the public path. If we give this land to them they will block it off. Pictures taken at 1:40pm today 8/23/26.









Warmly JM



Outlook

Please review for Item 8B

From Lonna Lewis <lonnalewis@rocketmail.com>

Date Thu 9/24/2026 11:02 AM

To City Council <citycouncil@cityofcapitola.gov>

 1 attachment (27 KB)

Capitola City Council Letter Sept. 24, 2026.doc;

Good morning,

Please find attached our address to the purchase approval for Escalona Avenue Right of Way. We will be in attendance for any questions you might have.

Best Regards,

Bob and Lonna Blodgett

September 23, 2026

Dear Mayor, Capitola City Council Members, City Manager Jaimi Goldstein, Capitola Staff

Re: Agenda 8B – Escalona Avenue Right of Way

We truly appreciate this possible opportunity to purchase the Escalona Avenue Right of Way. It seemed like a perfect way for that parcel to be used and provided this beautiful greenbelt area to be maintained and enjoyed by us and the public at large.

This greenbelt area has been used by the public to access the views from the cliff top overlooking Monterey Bay for a very long time. It was known previously as the road Grand Avenue. Historically, Grand Avenue was lost to environmental deterioration and is still subject to this consequence of cliff top erosion. This remaining area has been maintained and cared for by us for many years. We have kept the public pathway cleared by removing fallen trees and shrubbery to provide a walkable area that provides access for people to walk to the cliffs edge.

We are aware that the purchase of this land could not to be used as a future building site. The purchase represented a way for us to preserve this area for the enjoyment and love of nature for future public use. The purchase of the well-used greenbelt pathway known as Escalona Avenue Right of Way seemed to be the perfect solution and a viable way for the City of Capitola to better utilize this land under our care and preservation.

With the recent letter from the Coastal Commission regarding their intention to dispute this purchase, it was made perfectly clear and quite evident that they intend to fully prevent the purchase from happening. This would require an undue hardship for us to appeal the process by having to provide the necessary funding and financial support that it would need. It would also create an indeterminable amount of time to be completed with any conditional approval requirements. Therefore, in the best interest of all concerned, we have decided to withdraw from our offer to purchase Escalona Avenue Right of Way.

With great respect we thank you for all that you do.

Bob and Lonna Blodgett



Project #26-0474 (Escalona Drive Path) - Planning Email Bouncing

From rachel rachelarnold.com <rachel@rachelarnold.com>

Date Thu 9/24/2026 12:42 PM

To City Clerk <cityclerk@cityofcapitola.gov>

Dear City Clerk,

I have been trying to submit the following letter of opposition for tonight's public hearing regarding Project #26-0474. The planning@cityofcapitola.org email address is currently bouncing all external emails with a server misconfiguration error. I have tried also email handles as well.

This is a serious procedural concern. The city's public notice explicitly instructed residents to email their feedback to that specific address, yet the system is actively rejecting public comment. Because residents are currently blocked from submitting their concerns, any vote on this project should be postponed until the city's email system is fixed and the public is given a fair, working channel to participate. It is highly likely that other residents have attempted to submit feedback and given up after receiving bounce-backs. Consequently, new notices with functioning contact information should be issued.

In the meantime, could you please ensure my letter below is officially entered into the public record and distributed to the City Council prior to tonight's 6:00 PM meeting?

Thank you,

Rachel

—

To the City Council,

I am writing to express my very strong opposition to Project #26-0474, the proposed transfer of the public walking path between Escalona Drive and the Monarch Cove Inn.

As a property owner on Escalona Drive, we invested significant time, resources, and care, working closely with the city to obtain the proper consent to build an architecturally thoughtful home directly by this footpath. We relocated from Los Angeles specifically because we fell in love with the unique charm and character of Capitola's Depot Hill. We did not make that deep commitment to this community only to end up living across from subdivided lots filled with basic, contractor spec houses. We do not want to see the exact overdevelopment we moved hundreds of miles to escape erected right across our street,

stripping the neighborhood of its identity and adding dangerous vehicle traffic to a heavily walked path where dozens of neighbors and their pets pass by safely every day.

Item 5 B.

The lack of transparency regarding this transfer is deeply concerning. The city must fully disclose what the Monarch Cove Inn is paying for this public land and precisely how many additional housing units or subdivided parcels this extra acreage will legally allow them to develop. Voting on this now feels incredibly rushed given the public's limited knowledge of the long-term repercussions. It is also highly concerning that this vote is being pushed forward with such minimal public notice just as the city manager retires, attempting to finalize a permanent, irreversible land transfer before new leadership has the opportunity to properly review it. It also clarifies why surveyors were on our land months ago...I certainly hope the Monarch Inn paid for them and not the city taxpayers.

This proposal appears to be a blatant money grab. The Inn is currently listed for sale as a redevelopment opportunity. Adding public land to their title inflates their density ceiling right before an ownership transition, serving only to enrich a private entity while the city receives nothing more than a small, one-time payout. This land is not going to a neighborhood resident. The only party that stands to gain here is the owner of the Monarch Inn, who will be gone once the sale of their property closes. There is plenty of new housing slated for the Capitola Mall redevelopment, let's concentrate urban density there and retain the historic charm of our small neighborhoods which serve as generational homes and peaceful retreats for those seeking a slower pace of life.

Furthermore, our community has consistently fought to maintain its character, including voting against expanding hotel capacity in this area years ago. We do not have sidewalks, and guests driving to the Monarch Inn are already noticeably more reckless than local residents, frequently speeding and taking blind corners dangerously. Increasing density and development on that property will only exacerbate these safety issues. Pushing this transfer through feels like a profound slap in the face to the residents who fought so hard to protect this area, making the entire process feel purely transactional rather than community-minded.

There is absolutely NO need for the city to transfer this parcel. If the land is given to the Inn or whatever developer purchases the property, there is no reason to believe they will maintain the trail, as they currently fail to adequately upkeep their own property as it is.

The city has NO obligation to sell this parcel. The Monarch Cove Inn needs to resolve its own financial strategies without feeding off city assets and the surrounding neighborhood. This public right-of-way belongs to the community, should remain permanently under city ownership, and must never be sold.

I expect these concerns to be formally registered for the public record ahead of the hearing.

With deep love for our Depot Hill community,

Rachel Arnold
714 Escalona Drive



Item 9.B

From Carin Hanna <carinhanna@aol.com>
Date Wed 9/23/2026 9:06 PM
To City Council <citycouncil@cityofcapitola.gov>

To the Council,

Capitola Village provides an important economic segment of the city budget with both sales tax and parking revenue. While the businesses understand that reality of maximizing revenue from this segment, they also wonder why more effort is not made to make the village more appealing to visitors. The beach and beach goers required a lot of crew time,. However, there are benches going without repair or just being removed because it is easier; filthy garbage cans; street trees that should be pruned or replaced. The BIA spends tens of thousands of dollars on Village Enhancement; money that could be used to promote business, especially in the winter. Just this week the BIA replaced the palm tree lights at a cost of \$15,120. So with the increase in parking rates, the BIA hopes there will be more shared participation in village maintenance. We look forward to discussing this in more detail in the near future.

Bia Officers: Anthony Guajardo, Devon Salter, Matt Arthur and Carin Hanna



Subject: Item 9E, September 24 — Please Take No Position on Proposition 43

From Kevin Maguire <kmaguire831@gmail.com>

Date Tue 9/22/2026 5:04 PM

To City Clerk <cityclerk@cityofcapitola.gov>; Gerry Jensen <gjensen@cityofcapitola.gov>; Clarke, Joe <jclarke@cityofcapitola.gov>; Margaux Morgan <mmorgan@cityofcapitola.gov>; Melinda Orbach <morbach@cityofcapitola.gov>; Westman, Susan <swestman@cityofcapitola.gov>

Subject: Item 9E, September 24 — Please Select the "No Formal Position" Option

Mayor Morgan and Members of the Council,

I'm writing regarding Item 9E. Staff's recommended action offers Council two choices: adopt a resolution opposing Proposition 43, or take no formal position. I'm asking Council to choose the second option — no position — for the reasons below, laid out in full so this can be evaluated on the record.

1. The two options offered don't reflect a full evaluation.

Notably absent is any option to support Prop 43. An opposition resolution arrived pre-drafted. An opposition op-ed is Attachment 1. No comparable material presents the case for the measure. Whatever Council decides, it's worth naming plainly that residents were shown one side of this before Council even discussed it.

2. Cal Cities didn't independently discover Capitola's concern — it organized this campaign.

On September 16, Cal Cities launched a coordinated coalition specifically encouraging California cities to adopt opposition resolutions against Prop 43, and provided draft resolution language and contact information for cities that want to participate. Capitola's own report cites that September 16 recommendation as its basis. That raises a direct question: is Capitola independently determining that Prop 43 presents a significant municipal concern, or is Capitola City Hall being used to execute one advocacy organization's statewide campaign?

3. Other cities' actual votes show this is a genuinely contested governance question — not a settled municipal consensus.

- **San José** voted 6–4 to oppose Prop 43 on August 25. Councilmember George Casey and three colleagues explicitly questioned whether City Hall should be endorsing statewide propositions at all, distinguishing between informing residents of an impact and instructing them how to vote. Four members — 40% of that council — declined to join the opposition.
- **Santa Barbara** and **San José** both considered Prop 43 as one item within a broader, even-handed review of multiple statewide propositions (Santa Barbara supported Prop 1, opposed Prop 43, and asked for more analysis on Prop 45 before deciding). Capitola is doing the opposite: two councilmembers requested this single proposition in isolation.
- **Santa Monica** is the one city I found with an actual, concrete local fact pattern: its 2022 Measure GS was itself passed under the exact citizen-initiative majority-vote rule Prop 43 would eliminate.

and Santa Monica has separately declared fiscal distress. That is a real, demonstrated local connection — not a hypothetical one.

Item 5 D.

Capitola has none of that. Our own staff report says the direct fiscal impact is unknown, and that any effect depends on Capitola residents someday organizing a citizen-initiated special tax that wins a majority but falls short of two-thirds. No such measure exists or is proposed. Compared to San José's open internal debate and Santa Monica's documented Measure GS connection, Capitola's justification for entering this fight is the thinnest of the four.

4. Capitola's own revenue history shows this measure wouldn't have affected us anyway.

Measure Y — Capitola's 2024 sales tax increase — passed with 67.5% of the vote. It was a *general* tax, which has always required only a simple majority and is untouched by Prop 43, which applies only to special taxes. Capitola's demonstrated, successful funding tool isn't the mechanism this measure changes.

5. Local first responders accepted the threshold that applied to them.

Central Fire's Measure R received 57.5% — a clear majority — and failed because general obligation bonds require two-thirds by law, a different constitutional category than the special-tax mechanism at issue here. No one built a workaround for Measure R. Separately: the majority-vote special-tax initiative path already exists under current law and has been used for the Santa Cruz METRO citizen-initiative sales tax campaign, discussed below — but not, to my knowledge, for any comparable fire or paramedic funding effort locally.

6. The METRO connection deserves disclosure before any vote.

Councilmember Orbach serves on the Santa Cruz METRO Board as Co-Chair, and has been publicly involved with Friends of Santa Cruz METRO's citizen-initiative campaign for a half-cent sales tax; METRO Board Chair Manu Koenig has been involved as well. Koenig has publicly explained that a METRO-board-placed measure needs two-thirds, while the citizen-initiative route needs only a simple majority — precisely the distinction Prop 43 would eliminate. Councilmember Orbach was one of two members who requested this item. Before Capitola commits its institutional voice, she should state whether her METRO initiative work informed this request, and whether that relationship was disclosed to the City Attorney.

7. Prop 43 itself is a negotiated, bipartisan compromise — not the one-sided measure the attached op-ed frames it as.

Prop 43 is ACA 22, authored by Assemblymember Buffy Wicks, passed 68–2 in the Assembly and 35–1 in the Senate as part of a deal in which the Howard Jarvis Taxpayers Association withdrew a more restrictive competing initiative. That context is absent from Attachment 1 and worth Council knowing before adopting a position partly built on that framing.

Before any vote, I'd ask Council to require public answers to:

1. How many staff and City Attorney hours, and what total cost, went into this item?
2. Who directed staff to prepare an opposition resolution rather than a neutral report with support/oppose/no-position options, the way Santa Barbara and San José structured theirs?
3. Was Councilmember Orbach's role with the METRO citizen-initiative campaign disclosed to the City Attorney before this item was prepared?
4. What specific, non-hypothetical harm does staff project for Capitola, given the report's own acknowledgment that impact is unknown?

Conclusion. Compared to San José's genuinely split vote, Santa Monica's concrete Measure GS connection, and Santa Barbara's broader multi-proposition review, Capitola's basis for taking a position is the weakest of the four — an unknown fiscal impact, a request from two members with an undisclosed relationship to a directly analogous campaign, and one-sided material from an organization actively running a coordinated statewide push. The responsible course is the option already on the table: take no formal position.

Thank you for your consideration,
Kevin Maguire
Capitola



Outlook

Item 9E

From John Mulry <jxmuly@icloud.com>

Date Wed 9/23/2026 12:24 PM

To City Council <citycouncil@cityofcapitola.gov>; City Clerk <cityclerk@cityofcapitola.gov>

Prop 43 put forward by the Far Right HJ organization is a poison pill. If it passes our city will only be about to fund itself through insane rate increases and massive population growth. We would have to triple in size to 30K people just to maintain our current underfunded services.

Please oppose it like every other democratic organization and jurisdiction in the state as well as every economist from left to right.



9/24 City Council Meeting

From Bob Hickman <bobster1263@yahoo.com>

Date Wed 9/23/2026 3:41 PM

To City Council <citycouncil@cityofcapitola.gov>; City Clerk <cityclerk@cityofcapitola.gov>

To Capitola City Council

Re Item 9E in agenda packet.

Even though It was just a comment made in a previous council meeting, and a second council member also said she agreed. Staff went ahead and wrote up item 9E. I never saw any follow up from the rest of council directing staff to do this. I thought it was to come from the council as a whole. So no one ever did answer my previous question

Who directed staff to write this up?

Seems to be a personal matter from one council member who is the vice chair of metro, and also one of the founders of friends of metro. So it seems one council member was able to get the city staff to write this up?

I do not believe that the city should be involved in this particular matter for the reason listed above as it seems to be a conflict of interest.

Now as for the proposal itself. Staff did a good job of cutting and pasting from the CALMATTERS website listing all the against prop 43 matters. But they do not give the council the full 3 options.

1. Draft a letter in support of prop 43
2. Draft a letter in opposition to prop 43
3. Declare no stand either for or against.

Due to everything listed above I believe the council should take no stand.

We have enough other items going on in this city and rather than waste any money or time or resources on this matter that really has nothing to do with Capitola let's move forward with option 3 above and let the staff and city attorney focus on all of the real issues in Capitola

Bob Hickman

Capitola City Resident

Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: City Manager Department

Subject: City Council Meeting Minutes



Recommended Action: Approve minutes from the regular meeting on September 10, 2026.

Background: Attached for City Council review and approval are the draft minutes from the regular meeting on September 10, 2026.

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government

Attachments:

1. Regular Meeting 9/10/2026

Report Prepared By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager

City of Capitola

City Council Meeting Minutes

Thursday, September 10, 2026 – 6:00 PM



City Council Chambers

420 Capitola Avenue, Capitola, CA 95010

Mayor: Margaux Morgan

Vice Mayor: Gerry Jensen

Council Members: Joe Clarke, Melinda Orbach, Susan Westman

Closed Session – 4:45 PM

- i. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Govt. Code § 54957(b))
City Council's Performance Evaluation of the City Manager

Regular Meeting of the Capitola City Council – 6 PM

- 1. Roll Call and Pledge of Allegiance** – *The meeting was called to order at 6:00 PM. In attendance: Council Members Clarke, Orbach, Westman, Vice Mayor Jensen, and Mayor Morgan. Before the Pledge of Allegiance, Vice Mayor Jensen provided comments in commemoration of the anniversary of September 11th and requested a moment of silence, which the Mayor granted.*
- 2. Additions and Deletions to the Agenda** – *Staff pulled Item 8E from the agenda, to be continued to a future meeting date.*
- 3. Presentations**
 - A. *The Mayor presented a proclamation recognizing September 2026 as Childhood Cancer Awareness Month to Jordan Thorpe, President of the Jacob's Heart Board.*
 - B. *The Police Chief presented a proclamation honoring Santa Cruz Regional 911 Dispatchers.*
 - C. *The City Council received a presentation about the Red Cross Life Saving Award, presented to Sergeant Scott Newton by Dave Sieberg of the Central Coast Chapter of the American Red Cross.*
- 4. Report on Closed Session** – *The City Council met and discussed one item on the Closed Session agenda. No reportable action was taken.*
- 5. Additional Materials**
 - A. *Item 6 – One email and one piece of correspondence received after publication of the agenda packet.*
 - B. *Item 8A – Four emails and one staff memorandum with an updated version of the September 3, 2026 Special Meeting Minutes were received after publication of the agenda packet.*
 - C. *Item 8B - One email and one staff memorandum with an updated version of the Elections Code Section 21130(f) Report were received after publication of the agenda packet.*
 - D. *Item 8E – Four emails received after publication of the agenda packet.*
 - E. *Item 9B – One email received after publication of the agenda packet.*
 - F. *Item 9C - Staff memorandum with updated information and one email received after publication of the agenda packet.*

G. *Item 9D – Three emails received after publication of the agenda packet.*

H. *Item 9E – Two emails received after publication of the agenda packet.*

6. Oral Communications by Members of the Public

- *Goran Klepic*
- *Dr. Victoria Travis, Med-Project*
- *Jesse Miles, Beveridge & Diamond PC*
- *Speaker*
- *Meghan Morrissey, Capitola Cares*

7. Staff / City Council Comments

- *City Manager Goldstein announced his retirement, effective December 2026, and provided comments about his career in Capitola.*
- *Council Member Clarke reminded the public of the Capitola Art and Wine Festival, taking place on September 12th and 13th; he also advised the public of the unveiling of public art on the Monterey Avenue railing.*
- *Council Member Orbach provided remarks on City Manager Goldstein's retirement and thanked him for his contributions to the City; she also thanked the City's Public Works Department for their work on 41st Avenue.*
- *Council Member Westman provided remarks on City Manager's Goldstein's retirement.*
- *Vice Mayor Jensen congratulated City Manager Goldstein on his retirement; he also provided updates from a recently attended RTC meeting.*
- *Mayor Morgan thanked City Manager Goldstein for his service to the City of Capitola.*

8. Consent Items

A. City Council Meeting Minutes

Recommended Action: Approve minutes from the special meeting on August 25, 2026, the regular meeting on August 27, 2026, the special meeting on September 2, 2026, and the special meeting on September 3, 2026.

B. Elections Code Section 21130(f) Report

Recommended Action: Direct City staff and the City's retained demographer, National Demographics Corporation, to issue and post the Elections Code Section 21130(f) report.

C. Alcohol Policing Partnership Grant

Recommended Action: Adopt a resolution accepting a Department of Alcoholic Beverage Control Alcohol Policing Partnership Grant in the amount of \$57,881 and amending the FY 2026-27 General Fund operating budget to increase revenues and expenditures by \$57,881. **(Resolution No. 4507)**

D. Update on Additional Improvements at the Park at Rispin Mansion

Recommended Action: Receive an update on progress towards additional improvements at the Park at Rispin Mansion and ongoing efforts to raise funds through an engraved brick program.

E. Chapter 8.40: Capitola Municipal Code

Recommended Action: Adopt an ordinance amending Chapter 8.40 of the Capitola Municipal Code to remove the expiration language in Section 8.40.150(G). **(Continued to a future meeting date)**

Vice Mayor Jensen provided a comment on Item 8D and requested that when the item returns to Council next, there can be more detail about the progress on improvements at the Park at the Rispin Mansion.

Motion to approve the Consent Calendar, with the exception of Item 8E: Council Member Orbach

Second: Council Member Westman

Voting Yea: Council Members Clarke, Orbach, Westman, Vice Mayor Jensen, and Mayor Morgan

9. General Government / Public Hearings

A. Capitola Wharf Status Update

Recommended Action: Receive an update regarding the Request for Proposals for a restaurant and commercial marketplace project on the Capitola Wharf and provide direction to staff regarding the next steps for future uses on the Wharf.

Community and Economic Development Director Herlihy presented the staff report.

Public Comment:

- ***Speaker***

Council expressed a desire to continue seeking a partner to provide food and beverage concessions on the Capitola Wharf, while retaining flexibility to address storm resilience.

The Council provided direction to staff to issue a new request for proposals for a small-scale, short-term food and beverage concession (in a prefabricated structure or sea container structure) while also extending the current request for proposals for the Capitola Master Plan for a one year period; and to ensure that the Planning Commission review the project before it returns to the City Council.

B. Stockton Avenue Bridge and Soquel Creek Implementation Update

Recommended Action: 1) Receive an update regarding implementation of the City Council's August 27, 2026, direction, including the bridge preservation and project-development solicitation, continued community outreach, and the annual Soquel Creek inspection and coordination; and 2) provide direction regarding whether staff should continue developing the Caltrans-recommended polyester concrete overlay and return with a revised funding request, or pursue a methacrylate deck treatment as a lower-cost interim maintenance measure.

Public Works Director Kahn presented the staff report.

Public Comment: None

The Council directed staff to contact Senator Laird to discuss any requirements imposed on funding for the repair and maintenance of Stockton Bridge and stressed the importance of incorporating CalTrans recommended maintenance into the City's project plans.

Motion to direct staff to proceed with the polyester concrete overlay and continue working with engineers, ensuring that they are specialized in this type of project and have a background in working with CalTrans: Vice Mayor Jensen

Council Member Westman requested clarification from Vice Mayor Jensen.

Second: Council Member Westman

Council Member Orbach requested clarification on engineering costs from staff.

Voting Yea: Council Members Clarke, Westman, Vice Mayor Jensen, and Mayor Morgan

Voting Nay: Council Member Orbach

The City Council took a recess at 7:37 PM and reconvened at 7:41 PM.

C. Underground Utility District No. 6 and Rule 20A Program Update

Recommended Action: Receive updated information regarding a potential shortened Rule 20A undergrounding project along Monterey Avenue and provide direction as desired. (*Continued from the August 27, 2026, City Council meeting*)

Public Works Director Kahn presented the staff report.

Public Comment:

- ***Tory Del Favero***

Council thanked staff for their efforts to bring forward potential undergrounding projects.

Motion to direct staff to notify PG&E that the City will not be pursuing an undergrounding project using the City's allocated Rule 20A funding: Council Member Westman

Second: Vice Mayor Jensen

Voting Yea: Council Members Clarke, Westman, and Vice Mayor Jensen

Voting Nay: Council Member Orbach and Mayor Morgan

D. Citywide Municipal Code Amendments

Recommended Action: 1) Introduce for first reading, by title only, waiving further reading, an ordinance amending Capitola Municipal Code Title 17 (Zoning) to repeal and replace Chapter 17.88: Incentives for Community Benefits, relocate existing village hotel incentives to Chapter 17.90: Incentives for a Village Hotel with Community Benefits, amend Chapter 17.74: Accessory Dwelling Units, Repeal Chapter 9.08: Tattoo Establishments, make related amendments for Body Art Studios to Chapter 17.20: Mixed Use, Chapter 17.24: Commercial and Industrial Zoning Districts, Chapter 17.96: Supplemental Regulations, and Chapter 17.160 Glossary, and finding that adoption of the ordinance is exempt from CEQA; 2) adopt a resolution authorizing submittal of the proposed changes to the California Coastal Commission for the certification of an amendment to the Local Coastal Program; and 3) approve an administrative policy for the selection of body art service providers.

Community and Economic Development Director Herlihy presented the staff report.

Public Comment: None

Motion to introduce Ordinance No. 1079, adopt Resolution No. 4508, and approve Administrative Policy I-47: Council Member Orbach

Second: Vice Mayor Jensen

Voting Yea: Council Members Clarke, Orbach, Westman, Vice Mayor Jensen, and Mayor Morgan

E. Fiscal Year 2025-26 Revenue and Expenditure Update

Recommended Action: Receive the Fiscal Year 2025-26 revenue and expenditure update and provide direction regarding the use of the \$1 million insurance settlement received for repairs associated with the 2023 Wharf storm damage.

Administrative Services Director Malberg presented the staff report.

Public Comment: None

The Council directed staff to place the \$1 million insurance settlement received for repairs associated with the 2023 Capitola Wharf storm damage in the City's emergency reserve funds.

10. Adjournment

The meeting adjourned at 8:23 PM. The next regularly scheduled City Council meeting is on September 24, 2026, at 6:00 PM.

Margaux Morgan, Mayor

ATTEST:

Lesley Milton, Interim City Clerk

Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: Public Works Department

Subject: Escalona Drive Right-of-Way Vacation, Parcel Creation, and Reservation of Easements; and Coastal Development Permit



Recommended Action: Adopt a resolution: 1) vacating a portion of the Escalona Drive right-of-way, approving creation of a parcel, and reserving a public open space easement and a public access easement over the parcel; and 2) authorizing the City Manager to execute and record all documents necessary to effectuate these actions, subject to minor modifications approved by the City Manager, City Engineer, and City Attorney and approve a Coastal Development Permit to allow the parcel creation.

Background: The subject area is an unimproved portion of right-of-way located at the end of Escalona Drive on Depot Hill. The area is situated between private parcels, including the Monarch Cove property and an adjacent private residence. The right-of-way has remained undeveloped and is not used for vehicular access. At the terminus of the right-of-way, an informal pathway provides pedestrian access to an ocean overlook. This pathway has functioned as a public access point and is a valued feature of the site.

The property is not needed for current or future street purposes. The site's physical characteristics, constraints, and potential for limited future use have been evaluated, and an opportunity has been identified to formalize the property configuration and consider future disposition while maintaining key public benefits.

To achieve this, staff proposes to vacate the public right-of-way, establish a legal parcel, and reserve easements to preserve these public benefits. A public access easement would formalize and protect continued pedestrian access along the existing pathway to the ocean overlook, and an open space easement would limit future development and maintain the natural character of the site.

This item was originally agendized for the May 14, 2026 City Council meeting and was pulled from that agenda prior to consideration. This report has been revised since its original publication to: (1) confirm that a Coastal Development Permit (CDP) is required for the proposed parcel creation under the Capitola Municipal Code and is included in the recommended action; and (2) address concerns raised by California Coastal Commission staff regarding the proposal, and to clarify the City's position on those concerns.

Discussion: Staff recommends vacating the unused right-of-way and creating a legal parcel. As part of that action, the City would reserve permanent easements over the parcel to retain ongoing public benefit.

The easements would include:

- **Public Access Easement:** to preserve pedestrian access along the existing pathway to the ocean overlook and allow related pathway, safety, and maintenance improvements.
- **Open Space Easement:** to preserve the majority of the parcel in a natural and open condition, limit development potential, and protect scenic and environmental values while allowing low-impact amenities and maintenance activities.

These easements are intended to run with the land and be recorded concurrently with the parcel creation documents.

Following Council action and completion of the Coastal Development Permit process, the parcel map and associated legal documents will be finalized and recorded. Minor refinements to legal descriptions, exhibits, and mapping may occur prior to recordation, subject to review and approval by the City Engineer and City Attorney.

Once the parcel is created, staff anticipates returning to the City Council with a separate action to declare the property surplus and initiate the disposition process in accordance with the Surplus Land Act. Reservation of the easements ensures permanent public benefit regardless of future ownership.

Since the May 14, 2026 publication of this staff report, staff has discussed the application with California Coastal Commission staff. Coastal Commission staff raised concerns regarding the conversion of public land (the vacated right-of-way) to private ownership, and the potential for that conversion to facilitate additional development on the resulting parcel.

Staff offers the following clarification of the City's position in response to those concerns:

- The grant of easement associated with this action is held by the City, ensuring the public access easement is held by and enforceable by the City, not a private party.
- The parcel will remain open space. The open space easement will continue to restrict development on the parcel and will preserve its natural and scenic character.
- No additional developable lots are being created. The action converts existing, undevelopable right-of-way into a single parcel; it does not create a new buildable lot or increase the number of developable parcels in the area.
- The only development-related effect of the parcel creation is that the adjacent developer's total lot area will increase, which in turn increases the floor area otherwise allowed under the Municipal Code. However, the area encumbered by the public access does not count toward permitted floor area, so the easement areas themselves cannot be built upon and only the open space area can be used to support additional building floor area.

In summary, the terms of City-held public access, permanent open space status, no new developable lot, and exclusion of easement area from floor area calculations may address the concerns raised by Coastal Commission staff while achieving the public benefits described in this report. On September 17, 2026 the City received a comment letter from Coastal Commission staff opposing the proposed action (Attachment 5).

Coastal Development Permit

A CDP shall be granted only upon finding that the proposed project is consistent with Capitola's Local Coastal Program and the following underlined CDP finding:

1. The project is consistent with the LCP land use plan, and the LCP implementation program.
 Staff Analysis: The proposed project is consistent with the LCP because it does not authorize or facilitate the construction of a new structure, expansion of an existing structure, or other physical development of the site. The project formalizes the legal status of an existing, unimproved portion of right-of-way that is not needed for current or future street purposes.
 The proposed action also incorporates permanent public access and open space protections. The public access easement will preserve pedestrian access along the existing pathway to the ocean overlook, while the open space easement will preserve the natural and scenic character of the property and restrict future development. These measures are consistent with the LCP's objectives to protect coastal resources and maintain public access to the shoreline.
2. The project maintains or enhances public views.
 Staff Analysis: The project will maintain and protect public views toward the ocean and surrounding coastal landscape. The existing right-of-way contains an informal pedestrian pathway leading to an ocean overlook, and the proposed public access easement will preserve continued

public access to this viewing area. The permanent restrictions placed on the property will help ensure that its scenic qualities and contribution to the coastal viewshed are maintained over time.

3. The project maintains or enhances vegetation, natural habitats and natural resources.
4. The project maintains or enhances low-cost public recreational access, including to the beach and ocean.

Staff Analysis: The project will maintain low-cost public recreational access to a view point on Depot Hill overlooking the Monterey Bay.

5. The project maintains or enhances opportunities for visitors.

Staff Analysis: The project will maintain the opportunity for visitors to walk out on a path to a bluff area which overlooks the Monterey Bay. The Monarch Cove Inn property is located adjacent to the property. Visitors of the Inn can easily access the property and take in the view of the Monterey Bay.

6. The project maintains or enhances coastal resources.

Staff Analysis: The project maintains coastal resources as the new parcel will be protected open space of an area above the beach.

7. The project, including its design, location, size, and operating characteristics, is consistent with all applicable design plans and/or area plans incorporated into the LCP.

Staff Analysis: The public access easement will preserve pedestrian access along the existing pathway to the ocean overlook and allow related pathway, safety, and maintenance improvements. Also, the open space easement will preserve the parcel in a natural and open condition, limit development potential, and protect scenic and environmental values while allowing low-impact amenities and maintenance activities.

8. The project is consistent with the LCP goal of encouraging appropriate coastal development and land uses, including coastal priority development and land uses (i.e., visitor serving development and public access and recreation).

Staff Analysis: The project is consistent with the LCP goal of encouraging appropriate coastal development and land uses as it creates a parcel with a public access easement which will preserve pedestrian access along the existing pathway to the ocean overlook and allow related pathway, safety, and maintenance improvements. Also, the newly created parcel will have an open space easement on it which will preserve the parcel in a natural and open condition, limit development potential, and protect scenic and environmental values while allowing low-impact amenities and maintenance activities.

CEQA Exemption The project is exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3), the “common sense” exemption, because it can be seen with certainty that there is no possibility that the vacation of the unused portion of the Escalona Drive right-of-way, creation of a parcel, and reservation of public open space and public access easements will result in a significant effect on the environment. The proposed action does not authorize construction or a change in the existing physical environment and does not approve any development project. To the extent applicable, the vacation of the existing right-of-way is also exempt pursuant to CEQA Guidelines Section 15301 (Class 1, Existing Facilities), and the parcel creation is exempt pursuant to Section 15315 (Class 15, Minor Land Divisions).

Fiscal Impact: There is no immediate fiscal impact associated with the proposed action. Future disposition of the parcel may result in revenue to the City, subject to compliance with applicable laws and Council direction.

Attachments:

1. Resolution Vacating Right-of-Way and Reserving Easements
2. Right-of-Way/Parcel Exhibit
3. Public Access Easement Deed
4. Open Space Easement Deed

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government; Economic Opportunity; Sustainable Infrastructure

Report Prepared By: Jessica Kahn, Public Works Director; Katie Herlihy, Community and Economic Development

Reviewed By: Lesley Milton, Interim City Clerk; Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA VACATING A PORTION OF ESCALONA DRIVE RIGHT-OF-WAY, APPROVING PARCEL CREATION, AND RESERVING OPEN SPACE AND PUBLIC ACCESS EASEMENTS

WHEREAS, the City of Capitola holds an interest in a portion of Escalona Drive right-of-way located at the end of Escalona Drive on Depot Hill; and

WHEREAS, the subject right-of-way is unimproved and not required for present or prospective public street purposes; and

WHEREAS, the City Council desires to vacate the public right-of-way and facilitate creation of a parcel for potential future disposition; and

WHEREAS, it is in the public interest to retain ongoing public benefit through the reservation of easements over the property, including preservation of open space and continued public pedestrian access to the ocean overlook;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Capitola as follows:

Section 1. The City Council hereby vacates the public right-of-way over the area shown on Exhibit A, attached hereto and incorporated herein by reference.

Section 2. The City Council approves the creation of a parcel from the vacated right-of-way area as shown on Exhibit A, subject to final map and legal description approval by the City Engineer.

Section 3. The City Council hereby reserves the following easements over the parcel:

- (a) A public open space easement over the area shown on Exhibit B; and
- (b) A public access easement over the area shown on Exhibit C.

Said easements shall be in substantially the form presented to the City Council and may be finalized as separate deeds or recordable instruments, subject to minor modifications approved by the City Manager, City Engineer, and City Attorney.

Section 4. The City Manager is hereby authorized to execute and record all documents necessary to effectuate this resolution, including but not limited to the right-of-way vacation, parcel map, easement deeds, legal descriptions, and related instruments, subject to approval as to form by the City Attorney.

Section 5. This resolution shall take effect immediately upon adoption.

ADOPTED by the City Council of the City of Capitola at its regular meeting held on the 24th day of September 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Margaux Morgan, Mayor

ATTEST:

Lesley Milton, Interim City Clerk

OWNER’S STATEMENT

WE HEREBY STATE THAT WE ARE THE OWNERS OF, OR HAVE SOME RIGHT, TITLE, OR INTEREST IN AND TO, THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN ON THIS MAP AND THAT WE ARE THE ONLY PERSONS WHOSE CONSENT IS NECESSARY TO PASS A CLEAR TITLE TO SAID PROPERTY, AND WE CONSENT TO THE MAKING OF SAID MAP AND SAID SUBDIVISION AS SHOWN WITHIN THE DISTINCTIVE BORDER LINES, PURSUANT TO SECTION 66436(A) OF THE SUBDIVISION MAP ACT OF THE STATE OF CALIFORNIA GOVERNMENT CODE.

OWNER: CITY OF CAPITOLA, CALIFORNIA

BY: _____ DATE: _____
XXXXX

BY: _____ DATE: _____
XXXXX

ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF SANTA CRUZ

ON _____, 2026, BEFORE ME,_____

A NOTARY PUBLIC, PERSONALLY APPEARED _____

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(DIES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND (NOTARY’S SIGNATURE) _____
(NOTARY SEAL NOT REQUIRED)

PRINTED NOTARY’S NAME _____

NOTARY’S EXPIRATION DATE _____

COUNTY OF PRINCIPAL _____

PLACE OF BUSINESS _____

ACKNOWLEDGMENT

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA
COUNTY OF SANTA CRUZ

ON _____, 2026, BEFORE ME,_____

A NOTARY PUBLIC, PERSONALLY APPEARED _____

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(DIES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND (NOTARY’S SIGNATURE) _____
(NOTARY SEAL NOT REQUIRED)

PRINTED NOTARY’S NAME _____

NOTARY’S EXPIRATION DATE _____

COUNTY OF PRINCIPAL _____

PLACE OF BUSINESS _____

CITY CLERK’S STATEMENT

IT IS HEREBY ORDERED THAT THE PARCEL MAP OF LANDS OF CITY OF CAPITOLA BE, AND THE SAME IS HEREBY APPROVED, AND THAT NONE OF THE STREETS OR OTHER PARCELS OF LAND SHOWN ON SAID MAP AND THEREON OFFERED FOR DEDICATION ARE ACCEPTED.

I HEREBY STATE THAT THE FOREGOING ORDER WAS ADOPTED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA AT A MEETING OF SAID COUNCIL HELD ON ON THE _____ DAY OF _____ 2026.

CITY CLERK AND EX–OFFICIO CLERK OF THE CITY COUNCIL OF THE CITY OF CAPITOLA, STATE OF CALIFORNIA DATED _____

PRELIMINARY

BOWMAN & WILLIAMS CONSULTING CIVIL ENGINEERS AND LAND SURVEYORS 3949 RESEARCH PARK COURT, SUITE 100 SOQUEL, CA 95073-2094 (831) 426-3560 LICENSED LAND SURVEYOR NO.				PARCEL MAP OF THE LANDS OF CITY OF CAPITOLA ESCALONA AVENUE SITUATE IN THE CITY OF CAPITOLA COUNTY OF SANTA CRUZ, CALIFORNIA			
SCALE NONE		DRAWN CMM		JOB NO. 29542		SHEET 1 OF 3	
DATE FEB 11, 2026		CHECKED BFH		INDEX SOQUEL RO 2			
DESIGN CMM		DWG NAME PARCEL MAP		FILE NO. 29542			

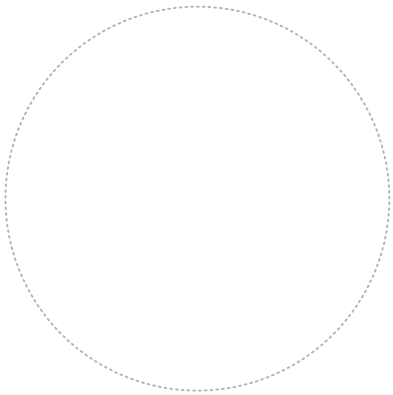
TAX AND ASSESSMENT CERTIFICATE

I HEREBY STATE THAT THERE ARE NO LIENS FOR UNPAID STATE, COUNTY, MUNICIPAL OR LOCAL TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES AGAINST THE LAND INCLUDED WITHIN THE SUBDIVISION OR AGAINST ANY PART THEREOF EXCEPT TAXES WHICH ARE NOT YET PAYABLE, AND WHICH IT IS HEREBY ESTIMATED WILL NOT EXCEED THE SUM OF \$_____ FOR THE YEAR OF 202_ -202_., AND THAT THIS STATEMENT DOES NOT INCLUDE ANY ASSESSMENTS OF ANY ASSESSMENT DISTRICT THE BONDS OF WHICH HAVE NOT YET BECOME A LIEN AGAINST THE LAND OR ANY PART THEREOF.

DATED _____

AUDITOR-CONTROLLER OF THE COUNTY OF SANTA CRUZ,
STATE OF CALIFORNIA

BY _____
DEPUTY

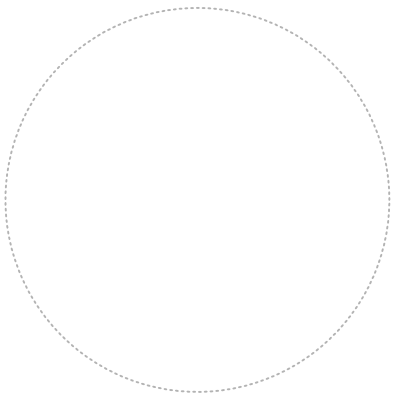


CLERK OF THE BOARD OF SUPERVISOR’S STATEMENT

THE CLERK OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA CRUZ DOES HEREBY STATE THAT ALL CERTIFICATES AND SECURITIES REQUIRED UNDER THE PROVISIONS OF SECTION 66492 AND 66493 OF DIVISION 2 OF TITLE 7 OF THE GOVERNMENT CODE HAVE BEEN DULY FILED AND DEPOSITS HAVE BEEN DULY MADE. PURSUANT TO THE AUTHORITY DELEGATED TO ME BY SAID BOARD, I HEREBY APPROVE SAID CERTIFICATES AND SECURITIES ON BEHALF OF THE COUNTY OF SANTA CRUZ.

CLERK OF THE BOARD OF SUPERVISORS

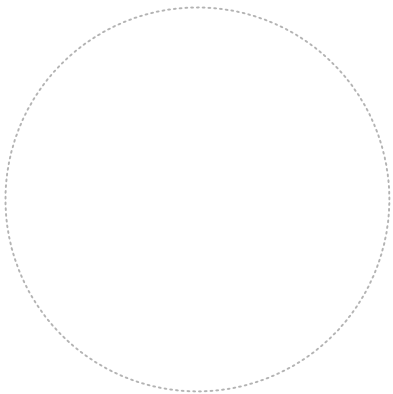
BY: _____
DEPUTY DATE



CITY ENGINEER’S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND THAT THE SUBDIVISION AS SHOWN HEREON AND THAT ALL PROVISIONS OF THE GOVERNMENT CODE OF THE STATE OF CALIFORNIA SECTION 66450 (a)(1)(2)(3), AS AMENDED, AND OF ANY LOCAL ORDINANCES APPLICABLE AT THE TIME OF APPROVAL BY THE CITY COUNCIL, IF ANY, HAVE BEEN COMPLIED WITH.

JESSICA L. KAHN, CITY ENGINEER
CITY OF CAPITOLA, CALIFORNIA
RCE 81258

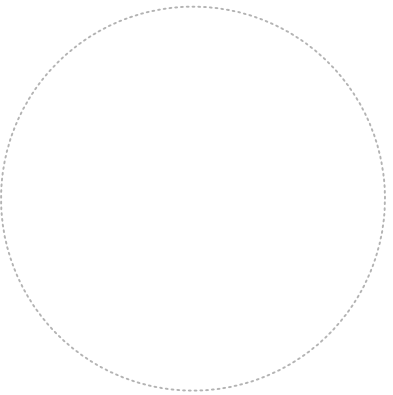


STATEMENT OF THE CITY SURVEYOR

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP PURSUANT TO THE GOVERNMENT CODE SECTION 66450 (b)(c) AND PURSUANT TO THE GOVERNMENT CODE SECTION 66450 (a)(4), I AM SATISFIED THAT IT IS TECHNICALLY CORRECT.

JOE L. AKERS, CITY SURVEYOR
CITY OF CAPITOLA, CALIFORNIA
RCE 20372

DATED _____



SURVEYOR’S STATEMENT

THIS MAP WAS PREPARED BE ME OR UNDER MY DIRECTION AND IS BASED ON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF THE CITY OF CAPITOLA ON NOVEMBER 10, 2025. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED BY CITY COUNCIL OF CAPITOLA , IF ANY.


BRYAN F. HAPPEE LICENSED LAND SURVEYOR NO. 8229

03/03/2026

DATED



COUNTY RECORDER’S STATEMENT

SERIAL NO.

FILED THIS _____ DAY OF _____, 20_____, AT _____
____ M IN VOLUME _____ OF _____, AT PAGE _____,
AT THE REQUEST OF _____

COUNTY RECORDER OF THE COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA

BY _____

DEPUTY

DATED:

PRELIMINARY

BOWMAN & WILLIAMS CONSULTING CIVIL ENGINEERS AND LAND SURVEYORS 3949 RESEARCH PARK COURT, SUITE 100 SOQUEL, CA 95073-2094 (831) 426-3560 LICENSED LAND SURVEYOR NO.			PARCEL MAP OF THE LANDS OF CITY OF CAPITOLA	
			ESCALONA AVENUE SITUATE IN THE CITY OF CAPITOLA COUNTY OF SANTA CRUZ, CALIFORNIA	
SCALE NONE	DRAWN CMM	JOB NO. 29542	SHEET	
DATE FEB 11, 2026	CHECKED BFH	INDEX SOQUEL RO 2	2	
DESIGN CMM	DWG NAME PARCEL MAP	FILE NO. 29542	OF	3

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

City Clerk
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

This document is exempt from recording fees pursuant
to California Government Code § 27383

PUBLIC ACCESS EASEMENT DEED

THIS EASEMENT is granted this _____ day of _____, 2026, by the City of Capitola, a California municipal corporation, hereinafter called “GRANTOR,” for the benefit of the public.

RECITALS

WHEREAS, is the owner in **fee simple** of that certain real property located in the City of Capitola, County of Santa Cruz, State of California, described in Exhibit “A” attached hereto and incorporated herein (the “Property”); and

WHEREAS, GRANTOR desires to provide and preserve public pedestrian access over a portion of the Property described in Exhibit “B” (the “Public Access Easement Area”); and

WHEREAS, the Public Access Easement Area provides access to an ocean overlook and has open space, scenic, public interest, passive recreational, and aesthetic values (collectively, “Public Access Values”); and

WHEREAS, GRANTOR intends that the Public Access Easement Area be preserved for public access and enjoyment in perpetuity;

NOW, THEREFORE, GRANTOR hereby grants and conveys for the benefit of the public a non-exclusive public access easement over the Public Access Easement Area of the Property, on the terms and conditions set forth below.

1. PUBLIC ACCESS EASEMENT

a. **Purpose.** It is the purpose of this Public Access Easement to ensure that the Public Access Easement Area will be retained in a manner that allows and protects public pedestrian access and passive recreational use, and to prevent any use that would interfere with the public’s access and enjoyment.

b. **Permitted Uses.** The following uses are permitted within the Public Access Easement Area:

- i. Public non-motorized access at all reasonable times;
- ii. Passive recreational uses, including walking and nature observation;
- iii. Maintenance, repair, and improvement of the pathway and related facilities;
- iv. Installation of minor improvements such as pathways, bike parking, steps, railings,

benches, signage, landscaping not otherwise prohibited by Section (d), and safety f

Item 8 B.

c. **Prohibited Uses.** The following uses are prohibited within the Public Access Easement Area:

- i. Any obstruction, barrier, gate, fencing, or other improvement, except as reasonably necessary for temporary maintenance, repair, emergency response, or public safety purposes;
- ii. Construction or placement of buildings, structures, or improvements inconsistent with the public access purposes of this Easement;
- iii. Storage, dumping, camping, open fires, or the accumulation of refuse, debris, hazardous materials, or other materials.

d. **Trail Character and Access Integrity.** The Public Access Easement Area shall be maintained in a manner that preserves safe and functional pedestrian access. No landscaping, or other features shall be installed within the Public Access Easement Area that:

- i. Materially narrow the pathway;
- ii. Create enclosed, confined, or visually obstructed conditions; or
- iii. Otherwise impair visibility, safety, or the public's use and enjoyment of the Easement Area.

e. **Owner Use.** The owner of the Property may use the Public Access Easement Area in any manner that does not interfere with public access or the purposes of this easement.

f. **Maintenance and Access Rights of City.** GRANTOR shall have the right, but not the obligation, to enter the Public Access Easement Area at reasonable times for purposes of inspection, maintenance, repair, and improvement.

g. **Enforcement.** GRANTOR shall have the right to enforce the terms of this easement by any lawful means, including injunctive relief.

h. **Indemnification.** The owner of the Property shall defend, indemnify, and hold harmless the City, its officers, officials, employees, and agents from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including reasonable attorneys' fees, arising out of or related to:

- i. The condition of the Property; or
- ii. The acts or omissions of the owner, its agents, contractors, tenants, or invitees;

i. **Runs with the Land.** This easement shall run with the land and be binding upon all successors and assigns.

j. **Severability.** If any provision of this easement is found invalid, the remainder shall remain in full force and effect.

k. **Amendment.** This easement may be amended only by a written instrument executed by the City and recorded in the Official Records of Santa Cruz County.

IN WITNESS WHEREOF, GRANTOR has executed this Public Access Easement Deed as of the date first written above.

Executed on _____, 2026.

GRANTOR

City of Capitola

By: _____

Its: _____

EXHIBIT C

LEGAL DESCRIPTION OF THE CENTERLINE OF A 10.00-FOOT-WIDE PUBLIC PEDESTRIAN TRAIL AND ACCESS EASEMENT OVER A PORTION OF ESCALONA AVENUE (FORMERLY RAILROAD AVENUE);

PARCEL TWO:

PRELIMINARY

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA AND;

BEING A PORTION OF ESCALONA AVENUE AS SHOWN ON THE PARCEL MAP ENTITLED "PARCEL MAP APPLICATION 93-86, LANDS OF ROBERT G. BLODGETT, FILED FOR RECORD FEBRUARY 13TH, 1995 IN VOLUME 53 OF PARCEL MAPS AT PAGE 42, SANTA CRUZ COUNTY RECORDS, A CITY STREET 60-FEET IN WIDTH; SAID 10.00-FOOT-WIDE PUBLIC PEDESTRIAN TRAIL AND ACCESS EASEMENT LYING 5.00 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE TO WIT;

COMMENCING AT A FOUND 1" IRON PIPE ON THE NORTHEASTERN SIDELINE OF ESCALONA AVENUE AS SHOWN ON THE ABOVE REFERENCED PARCEL MAP AT THE WESTERN TERMINUS OF THE COURSE SHOWN AS "BASIS OF BEARINGS NORTH 27°14'42" WEST (217.17") FROM WHICH POINT, A RADIAL LINE TO THE CENTER OF SAID RIGHT OF WAY HAS A BEARING OF (L3) SOUTH 46°03'26" WEST; AND FROM WHICH POINT ANOTHER FOUND 1-INCH IRON PIPE TAGGED LS4407 AS SHOWN ON THE ABOVE REFERENCED PARCEL MAP BEARS SOUTH 27°08'47" EAST 118.27 FEET DISTANT;

THENCE (C2) FROM SAID POINT OF COMMENCEMENT, NORTHWESTERLY ALONG THE NORTHEASTERN SIDELINE OF ESCALONA AVENUE AS SHOWN ON SAID ABOVE REFERENCED PARCEL MAP, A RADIAL LINE TO THE CENTER OF SAID RIGHT-OF-WAY FROM SAID NORTHEASTERN SIDELINE BEARS (L1) SOUTH 28°01'27" WEST; THENCE ALONG SAID SIDELINE, ON A CURVE TO THE LEFT, HAVING A RADIUS OF 202.00 FEET, THROUGH A CENTRAL ANGLE OF 12°51'50" AN ARC DISTANCE OF 45.35 FEET, TO A POINT OF COMPOUND CURVATURE; THENCE (C1) ON A CURVE TO THE LEFT, HAVING A RADIUS OF 189.80 FEET, THROUGH A CENTRAL ANGLE OF 5°01'34" AN ARC DISTANCE OF 16.65 FEET; THENCE LEAVING SAID SIDELINE OF ESCALONA AVENUE AND ACROSS ESCALONA AVENUE, SOUTH 66°15'45" WEST 55.68 FEET TO THE TRUE POINT OF BEGINNING OF THIS DESCRIPTION

THENCE FROM SAID TRUE POINT OF BEGINNING (L15) SOUTH 67°50'00" EAST 32.15 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT; THENCE (C11) ALONG SAID CURVE, HAVING A RADIUS OF 220.00 FEET, THROUGH A CENTRAL ANGLE OF 23°44'08", AN ARC DISTANCE OF 91.14 FEET TO A POINT OF COMPOUND CURVATURE; THENCE (C10) ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 70.50 FEET, THROUGH A CENTRAL ANGLE OF 39°57'26", AN ARC DISTANCE OF 49.17 FEET TO THE BEGINNING OF A REVERSE CURVE; THENCE (C9) ON A CURVE TO THE LEFT, HAVING A RADIUS OF 694 FEET, THROUGH A CENTRAL ANGLE OF 7°27'52", AN ARC DISTANCE OF 90.41 FEET TO THE BEGINNING OF A REVERSE CURVE; THENCE (C8) ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 126.00 FEET, THROUGH A CENTRAL ANGLE OF 26°45'32" AN ARC DISTANCE OF 58.85 FEET, A LITTLE MORE OR LESS TO THE EDGE OF THE BEACH BLUFF;

CONTAINING 3,217 SQ.FT. OF LAND, A LITTLE MORE OR LESS

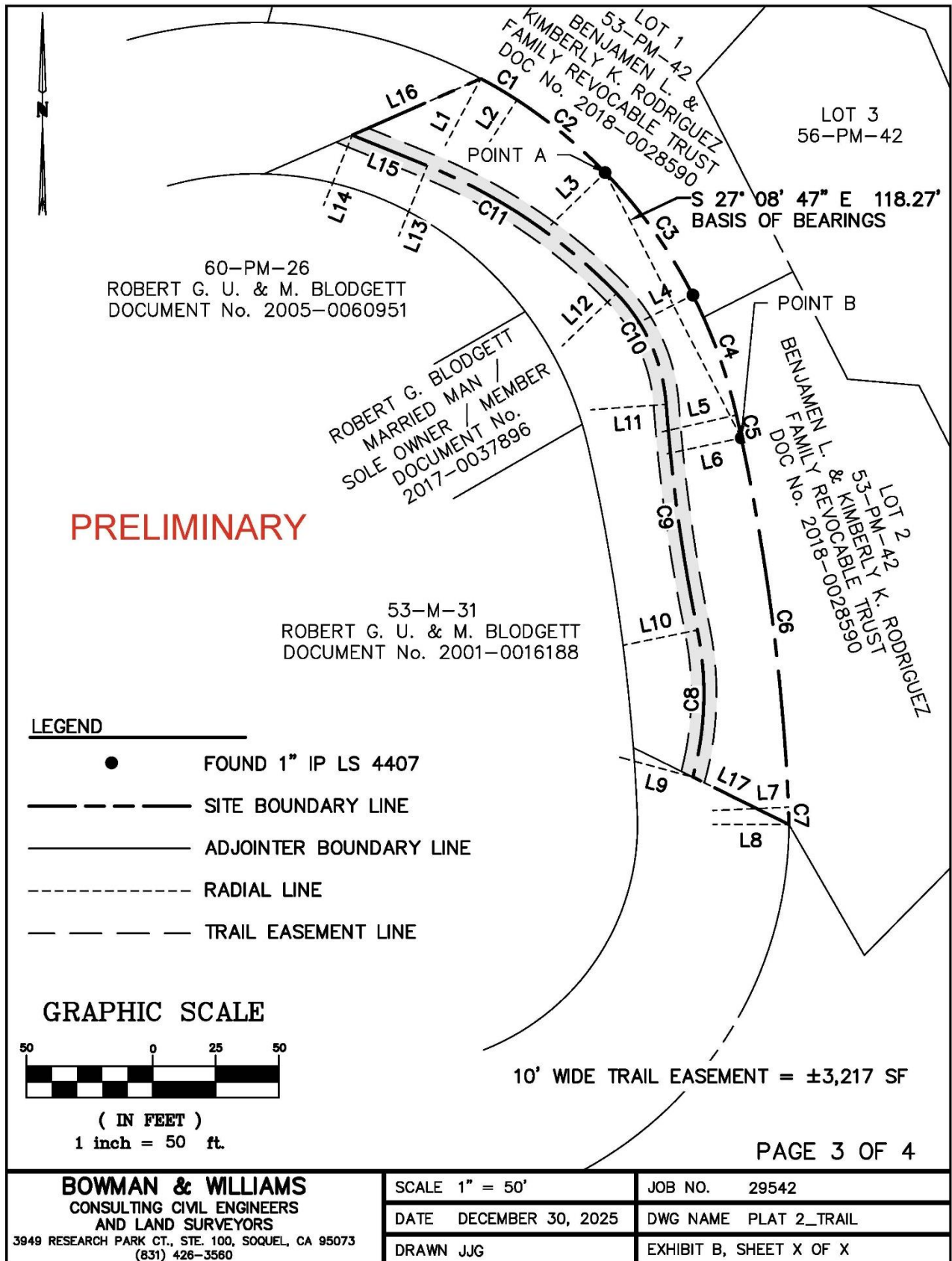
END OF DESCRIPTION

EXHIBIT C



File No. 27852
Drawn By BFH
Checked By CMM
February 9, 2026
Escalona Ave (PTN)

BRYAN F. HAPPEE PLS 8229



LINE TABLE

LINE No.	BEARING	LENGTH
L15	S 67°50'00" E	32.15
L16	S 66°15'45" W	55.68
L17	S 63°45'00" E	42.46

RADIAL TABLE

LINE No.	BEARING
L1	S 28°01'27" W
L2	S 33°03'01" W
L3	S 46°03'26" W
L4	S 62°55'23" W
L5	S 77°19'01" W
L6	S 77°55'02" W
L7	S 87°29'01" W
L8	S 89°59'55" W
L9	S 74°51'10" E
L10	S 78°23'41" W
L11	S 85°51'33" W
L12	S 45°54'07" W
L13	S 22°10'00" W
L14	S 22°10'00" W
L15	S 67°50'00" E
L16	S 66°15'45" W
L17	S 63°45'00" E

CURVE TABLE

CURVE No.	RADIUS	DELTA Δ	ARC LENGTH
C1	189.80'	5°01'34"	16.65'
C2	202.00'	12°51'50"	45.35'
C3	202.00'	17°00'32"	59.97'
C4	202.00'	11°37'16"	40.97'
C5	885.00'	0°36'01"	9.27'
C6	885.00'	7°44'36"	119.60'
C7	156.00'	2°30'54"	6.85'
C8	126.00'	26°45'32"	58.85'
C9	694.00'	7°27'52"	90.41'
C10	70.50'	39°57'26"	49.17'
C11	220.00'	23°44'08"	91.14'

BASIS OF BEARINGS

BEARINGS ARE BASED BETWEEN A 1" IRON PIPE TAGGED LS 4407, FOUND AT THE FRONT CORNER OF LOTS 43 & 44 LABELED POINT A ON THE PLAT, AND AT THE FRONT CORNER OF LOTS 45 & 46 LABELED POINT B ON THE PLAT, AS SHOWN ON THE MAP ENTITLED RECORD OF SURVEY OF THE LANDS OF ROBERT GROSVENOR BLODGETT, FILED IN VOL 65 OF MAPS AT PAGE 58, SANTA CRUZ COUNTY RECORDS.

= S 27°09'01" E

PRELIMINARY

PAGE 4 OF 4

BOWMAN & WILLIAMS
CONSULTING CIVIL ENGINEERS
AND LAND SURVEYORS

3949 RESEARCH PARK CT., STE. 100, SOQUEL, CA 95073
(831) 426-3560

SCALE 1" = 50'

DATE DECEMBER 30, 2025

DRAWN JJG

JOB NO. 29542

DWG NAME PLAT 2_TRAIL

EXHIBIT B, SHEET X OF X

**RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:**

City Clerk
City of Capitola
420 Capitola Avenue
Capitola, CA 95010

This document is exempt from recording fees pursuant
to California Government Code § 27383

OPEN SPACE EASEMENT DEED

THIS EASEMENT is granted this _____ day of _____, 2026, by the City of Capitola, a California municipal corporation, hereinafter called “GRANTOR,” for the benefit of the public.

RECITALS

WHEREAS, is the owner in **fee simple** of that certain real property located in the City of Capitola, County of Santa Cruz, State of California, described in Exhibit “A” attached hereto and incorporated herein (the “Property”); and

WHEREAS, GRANTOR desires to preserve the Property in a natural, open condition, protect scenic and environmental values, and limit development; and

WHEREAS, GRANTOR further desires to allow for limited, low-impact improvements and passive recreational uses consistent with preservation of the Property;

WHEREAS, GRANTOR intends that the Easement Area be preserved in perpetuity for open space purposes;

NOW, THEREFORE, GRANTOR hereby grants and conveys for the benefit of the public a **non-exclusive** open space easement over the real property described in Exhibit “B” attached hereto and incorporated herein (the “Easement Area”), on the terms and conditions set forth below.

1. OPEN SPACE EASEMENT

a. **Purpose.** It is the purpose of this Open Space Easement to ensure that the Easement Area will be retained in a natural, open condition; to protect scenic and environmental values; to

limit development; and to allow passive recreational uses and limited improvements consistent with these purposes.

b. **Permitted Uses.** The following uses are permitted within the Easement Area:

- i. Passive recreational uses, including walking and nature observation;
- ii. Minor improvements such as benches, overlooks, trails, pathways, signage, and similar low-impact amenities;
- iii. Improvements and activities necessary to support public access;
- iv. Maintenance, restoration, and fire safety activities;
- v. Removal or management of vegetation, including non-native or invasive species, in accordance with applicable City permitting requirements.

c. **Prohibited Uses.** The following uses are prohibited within the Easement Area:

- i. Construction or placement of buildings or structures, except as expressly permitted in Section 1(b);
- ii. Commercial or industrial uses;
- iii. Agricultural use or keeping of livestock;
- iv. Dumping, storage, or disposal of materials;
- v. Grading, paving, or alteration of the natural terrain except as necessary for permitted uses.

d. **Vegetation.** Removal or disturbance of vegetation shall be prohibited except for maintenance, restoration, fire safety purposes, removal of non-native or invasive species, or as otherwise approved by the City through its standard permitting processes.

e. **Fencing.** New fencing shall be limited to 36" in height and designed to maintain visual openness and shall not include solid walls or barriers.

f. **Subdivision.** Subdivision of the Property is prohibited, except for lot line adjustments that do not create additional development potential and remain consistent with the purposes of this easement.

g. **Owner Use.** The owner of the Property may use the Easement Area in any manner that does not unreasonably interfere with the purposes of this easement.

h. **General Restriction.** Any use of the Easement Area inconsistent with the purposes of this easement is prohibited.

i. **Enforcement.** GRANTOR shall have the right to enforce the terms of this easement by any lawful means, including injunctive relief.

j. **Indemnification.** The owner of the Property shall defend, indemnify, and hold harmless the City, its officers, officials, employees, and agents from and against any and all claims, demands, damages, liabilities, losses, costs, and expenses, including reasonable attorneys' fees, arising out of or related to:

- i. the condition of the Property; or

- ii. the acts or omissions of the owner, its agents, contractors, tenants, or invitees;

k. **Runs with the Land.** This easement shall run with the land and be binding upon all successors and assigns.

l. **Severability.** If any provision of this easement is found invalid, the remainder shall remain in full force and effect.

m. **Amendment.** This easement may be amended only by a written instrument executed by the City and recorded in the Official Records of Santa Cruz County.

IN WITNESS WHEREOF, GRANTOR has executed this Public Access Easement Deed as of the date first written above.

Executed on _____, 2026.

GRANTOR

City of Capitola

By: _____

Its: _____

EXHIBIT "A"

EXHIBIT B

PRELIMINARY

LEGAL DESCRIPTION OF A PORTION OF ESCALONA AVENUE(FORMERLY RAILROAD AVENUE)
FOR AN OPEN SPACE EASEMENT

PARCEL ONE:

SITUATE IN THE CITY OF CAPITOLA, COUNTY OF SANTA CRUZ, STATE OF CALIFORNIA
AND;

BEING A PORTION OF ESCALONA AVENUE AS SHOWN ON THE PARCEL MAP ENTITLED
"PARCEL MAP APPLICATION 93-86, LANDS OF ROBERT G. BLODGETT, FILED FOR
RECORD FEBRUARY 13TH, 1995 IN VOLUME 53 OF PARCEL MAPS AT PAGE 42, SANTA
CRUZ COUNTY RECORDS, A CITY STREET 60-FEET IN WIDTH,AND BEING MORE
PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS TO WIT:

BEGINNING AT A STATION IN THE NORTHEASTERN SIDELINE OF ESCALONA AVENUE
(FORMERLY RAILROAD AVENUE), FROM WHICH POINT, A RADIAL LINE TO THE CENTER OF
SAID RIGHT-OF-WAY HAS A BEARING OF (L1) SOUTH 28°01'27" WEST;

THENCE FROM SAID POINT OF BEGINNING, ALONG THE NORTHEASTERN SIDELINE OF
SAID ESCALONA AVENUE, ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 189.80 FEET
THROUGH A CENTRAL ANGLE OF 5°01'34", AN ARC DISTANCE OF 16.65 FEET TO A POINT
OF COMPOUND CURVATURE; SAID POINT OF COMPOUND CURVATURE BEING SHOWN ON
THE ABOVE REFERENCED PARCEL MAP, IDENTIFIED BY A RADIAL BEARING TO THE
CENTER OF SAID CURVE OF SOUTH 33°03'01" WEST; THENCE (C2) CONTINUING ALONG
SAID SIDELINE OF ESCALONA AVENUE, ON A CURVE TO THE RIGHT, HAVING A RADIUS OF
202.00 FEET, THROUGH A CENTRAL ANGLE OF 12°51'50", AN ARC DISTANCE OF 45.35
FEET, TO A FOUND 1-INCH IRON PIPE TAGGED LS 4407 AS SHOWN ON SAID ABOVE
REFERENCED PARCEL MAP; THENCE (C3) CONTINUING ALONG SAID SIDELINE AND
CURVE TO THE RIGHT, HAVING A RADIUS OF 202.00 FEET, THROUGH A CENTRAL ANGLE
OF 17°00'32" AN ARC DISTANCE OF 59.97 FEET (59.98 FEET ON SAID PARCEL MAP) TO A
FOUND 1-INCH IRON PIPE TAGGED LS4407 AS SHOWN ON SAID PARCEL MAP AND A POINT
OF COMPOUND CURVATURE ON SAID SIDELINE OF ESCALONA AVENUE; THENCE (C4)
CONINUING ALONG SAID SIDELINE OF ESCALONA AVENUE, ON A CURVE TO THE RIGHT,
HAVING A RADIUS OF 202.00 FEET, THROUGH A CENTRAL ANGLE OF 14°23'38" AN ARC
DISTANCE OF 50.75 FEET TO A POINT OF COMPOUND CURVATURE; THENCE (C5)
CONTINUING ALONG SAID SIDELINE OF ESCALONA AVENUE, (C5) ON A CURVE TO THE
RIGHT, HAVING A RADIUS OF 885.00 FEET, THROUGH A CENTRAL ANGLE OF 0°36'01", AN
ARC DISTANCE OF 9.27 FEET (9.24 ON SAID PARCEL MAP) TO A FOUND 1 INCH IRON PIPE
TAGGED LS4407; THENCE CONTINUING ALONG SAID SIDELINE OF ESCALONA AVENUE,
(C6) ON A CURVE TO THE RIGHT, HAVING A RADIUS OF 885.00 FEET, THROUGH A
CENTRAL ANGLE OF 7°44'36" AN ARC DISTANCE OF 119.60 FEET TO A POINT OF
COMPOUND CURVATURE; THENCE (C7) ON A CURVE TO THE RIGHT, HAVING A RADIUS OF
156.00 FEET, THROUGH A CENTRAL ANGLE OF 2°30'54" AN ARC DISTANCE OF 6.85 FEET;
THENCE LEAVING SAID SIDLEINE OF ESCALONA AVENUE, NORTHWESTERLY ACROSS
SAID ESCALONA AVENUE NORTH 63°44'47" WEST 68.75 FEET, A LITTLE MORE OR LESS TO
A POINT ON THE WESTERN SIDELINE OF SAID ESCALONA AVENUE; A RADIAL BEARING TO
THE CENTER OF SAID SIDELINE BEARS (L10) SOUTH 85°39'38" WEST; THENCE (C8)
NORTHWESTERLY ALONG SAID WESTERN SIDELINE OF ESCALONA AVENUE ON A CURVE
TO THE LEFT, HAVING A RADIUS OF 825.00 FEET, THROUGH A CENTRAL ANGLE OF
8°20'37", AN ARC DISTANCE OF 120.14 FEET TO A POINT OF COMPOUND CURVATURE;
THENCE (C9) ON A CURVE TO THE LEFT, HAVING A RADIUS OF 142.00 FEET, THROUGH A

EXHIBIT B

CENTRAL ANGLE OF 44°16'00", AN ARC DISTANCE OF 109.71 FEET TO A POINT OF COMPOUND CURVATURE; THENCE (C10) ON A CURVE OT THE LEFT, HAVING A RADIUS OF 129.80 FEET, THROUGH A CENTRAL ANGLE OF 31°36'57" AN ARC DISTANCE OF 71.62 FEET; THENCE LEAVING SAID SIDELINE OF ESCALONA AVENUE, AND NORTHEASTERLY ACROSS SAID AVENUE, NORTH 66°15'45" EAST 93.87 FEET, A LITTLE MORE OR LESS TO THE POINT OF BEGINNING;

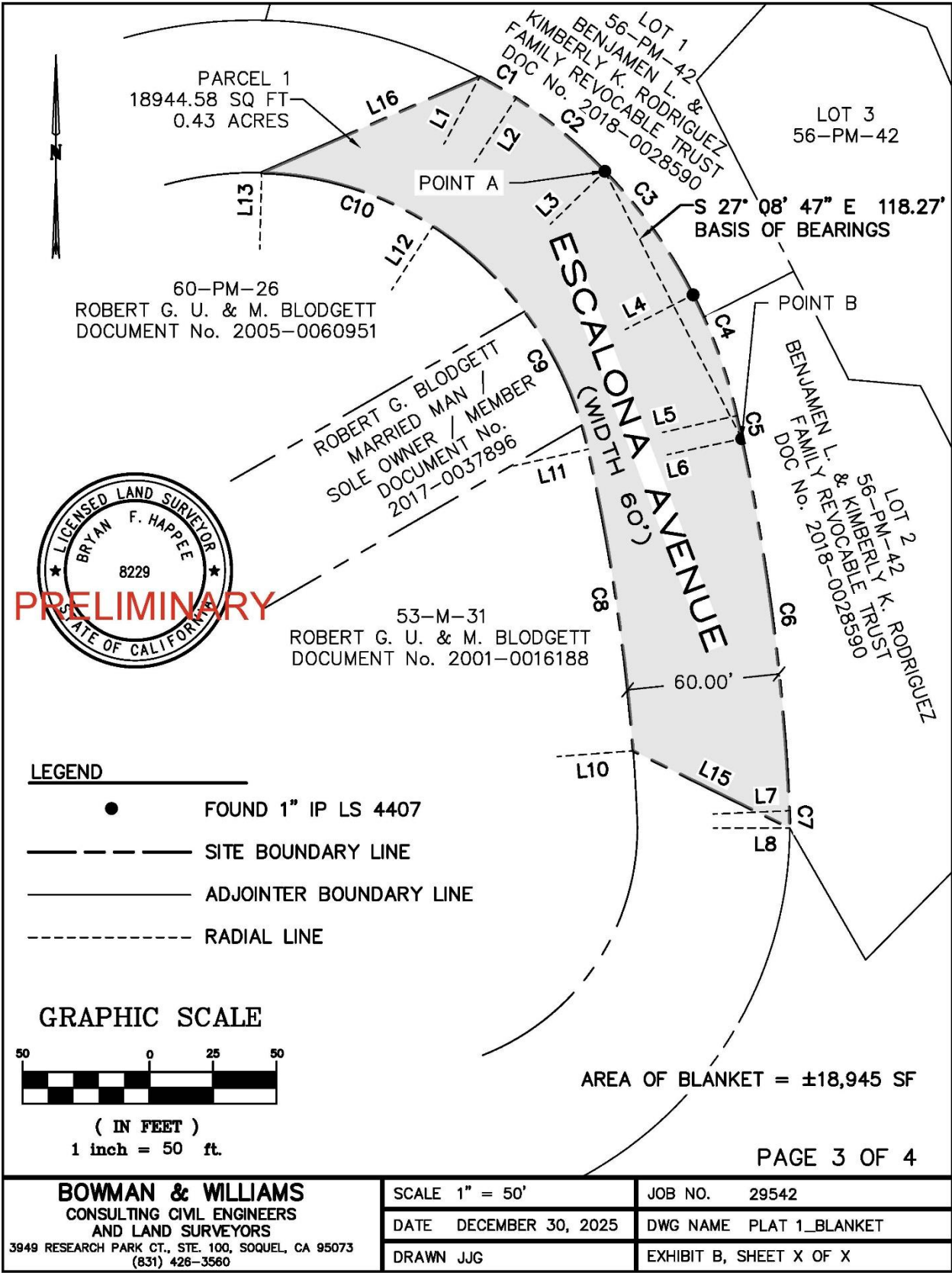
CONTAINING 18,945 SQ.FT. OF LAND, A LITTLE MORE OR LESS

ENF OF DESCRIPTION



File No. 27852
Drawn By BFH
Checked By CMM
February 9, 2026
Escalona Ave (PTN)

BRYAN F. HAPPEE PLS 8229



LINE TABLE		
LINE No.	BEARING	DISTANCE
L15	N 63°44'47" W	68.75
L16	N 66°15'45" E	93.87

RADIAL TABLE	
LINE No.	BEARING
L1	S 28°01'27" W
L2	S 33°03'01" W
L3	S 45°54'51" W
L4	S 62°55'23" W
L5	S 77°19'01" W
L6	S 77°55'02" W
L7	S 87°29'01" W
L8	S 89°59'55" W
L10	S 85°39'38" W
L11	S 77°19'01" W
L12	S 33°03'01" W
L13	S 1°26'04" W

CURVE TABLE			
CURVE No.	RADIUS	DELTA Δ	ARC LENGTH
C1	189.80'	5°01'34"	16.65'
C2	202.00'	12°51'50"	45.35'
C3	202.00'	17°00'32"	59.97'
C4	202.00'	14°23'38"	50.75'
C5	885.00'	0°36'01"	9.27'
C6	885.00'	7°44'36"	119.60'
C7	156.00'	2°30'54"	6.85'
C8	825.00'	8°20'37"	120.14'
C9	142.00'	44°16'00"	109.71'
C10	129.80'	31°36'57"	71.62'

BASIS OF BEARINGS

BEARINGS ARE BASED BETWEEN A 1" IRON PIPE TAGGED LS 4407, FOUND AT THE FRONT CORNER OF LOTS 43 & 44 LABELED POINT A ON THE PLAT, AND AT THE FRONT CORNER OF LOTS 45 & 46 LABELED POINT B ON THE PLAT, AS SHOWN ON THE MAP ENTITLED RECORD OF SURVEY OF THE LANDS OF ROBERT GROSVENOR BLODGETT, FILED IN VOL 65 OF MAPS AT PAGE 58, SANTA CRUZ COUNTY RECORDS.

= S 27°09'01" E

PRELIMINARY

PAGE 4 OF 4

BOWMAN & WILLIAMS CONSULTING CIVIL ENGINEERS AND LAND SURVEYORS 3949 RESEARCH PARK CT., STE. 100, SOQUEL, CA 95073 (831) 426-3560	SCALE 1" = 50'	JOB NO. 29542
	DATE DECEMBER 30, 2025	DWG NAME PLAT 1_BLANKET
	DRAWN JJG	EXHIBIT B, SHEET X OF X

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
PHONE: (831) 427-4863
EMAIL: CENTRALCOAST@COASTAL.CA.GOV
WEB: WWW.COASTAL.CA.GOV



September 17, 2026

Jamie Goldstein, City Manager
City of Capitola, CA 95010
jgoldstein@cityofcapitola.gov

Capitola City Council
420 Capitola Avenue
Capitola, CA 95010
citycouncil@cityofcapitola.gov

Subject: Escalona Avenue Right-of-Way Item on the September 24, 2026 City Council Meeting Agenda

Dear Mr. Goldstein and Honorable Members of the Capitola City Council:

It has come to our attention that the City intends to vacate a portion of the Escalona Avenue right-of-way, to create a new parcel over that vacated area, to encumber that new parcel with open space and public access easements, and ultimately to sell that parcel to an adjacent private property owner. We write today to express our strong opposition to all of these actions, and we urge the City Council to reject any such efforts.

At a general level, we don't see how it is in the public's interest to take such actions with public property, even if the City intends to try to preserve some public rights via easements. And this public property is incredibly valuable, with Depot Hill having some of the highest valued property per square foot in the entire city, which also extends to the right-of-way. The only reason such property would be attractive for purchase by a private landowner is for private benefit, not public benefit, which will almost assuredly mean that the public benefit is reduced correspondingly. In fact, it seems that the possibility that a future property owner's actions might lead to adverse public impacts are relatively high (e.g., erecting barriers to access and/or disrupting access utility in other ways), and relatively reasonably foreseeable.

And at a specific level, we cannot underscore the importance of the right-of-way and its existing coastal access path and overlook to the community and visitors alike. As you are aware, the subject area is located at the end of Escalona Drive in Depot Hill and adjacent to the Monarch Cove Inn property. While undeveloped, this portion of the right-of-way includes an informal public recreational access path that traverses around the Monarch Cove Inn property boundary and out to an ocean overlook that provides expansive views of Monterey Bay, and provides connections to inland public pathways as well. These kinds of public spaces are essential, and this one in particular is all the more important to preserve along Depot Hill in light of the ever-dwindling extent of the Grand Avenue pathway.

We also believe that disposing of this property would be counter to the Coastal Act's requirement to maximize public access and recreational opportunities, and also counter to relevant City of Capitola Local Coastal Program (LCP) policies, which speak to "providing safe and adequate pedestrian access to and along the shoreline" and maintaining "existing pathways and park sites for public use". In addition, in 2024, the Commission approved a City LCP amendment related to the Monarch Cove Inn that required that "adequate public access [be] provided from El Salto Drive to the coastal bluff and to existing rights-of-way along Escalona Drive...", that "...ingress/egress to any new development on the inland residential property shall be provided from Escalona Drive", and that "adequate parking and fire/safety ingress/egress to serve both...properties is provided". It is not clear how these LCP requirements could be met if the right-of-way is vacated and sold.

Moreover, the City's intent to return to City Council with a separate action to declare the property surplus and initiate a disposition process in accordance with the Surplus Land Act presents its own set of issues. Under the Surplus Land Act, vacated properties are required to first be noticed to affordable housing developers and open space entities before they can be disposed of to private property owners. That process introduces additional uncertainties, and opens up a whole series of additional questions/issues (e.g., who would eventually own the property, what would be their development expectations, etc.), for which the answers are not readily apparent at the current time.

There are also significant outstanding questions related to the process of creating a new parcel. For example, it's not clear what the property would be zoned, but presumably it would be zoned R-1 if the intent is to make it attractive enough for sale to an adjacent private property owner. If so, then R-1 zoning brings with it standards for the creation of new parcels, and it's not clear that those minimum standards can be met here (specifically, LCP Section 17.16.030 stipulates that new parcels must be a minimum of 5,000 square feet, 30 feet wide, and 80 feet deep). Furthermore, even if all of those things could happen, which it appears not, it's not clear how the acquisition of this parcel may affect the development potential of the adjacent property (e.g., would allowable FAR increase, would land division be facilitated where that is not allowed now, would other specialty processes (e.g., ADU, SB 9, etc.) apply, etc.). All of which only adds to the uncertainties related to the proposal.

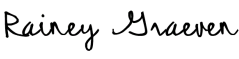
Finally, we would also note that both vacating public property and creating a new parcel require coastal development permits (CDPs); therefore, should this process move forward, the City would need to approve appealable CDP(s) (i.e., where City actions could be appealed to the Coastal Commission) to implement any such proposal. To be clear, even if the City should implement the initial steps at the City Council meeting on September 24th, none of it could actually be effectuated without CDPs (and LCP amendments). And, as indicated above, it is not clear how such CDPs could be found consistent with the Coastal Act and the LCP, where such consistency would be a requirement of approvable CDPs. Put another way, it seems unlikely that the required CDPs (and/or LCP amendments) could be obtained in any case. All of which suggests that this is not a prudent undertaking, and rather that it is one that is rife with challenges if the City decides to pursue it.

Escalona Avenue Right-of-Way

Item 8 B.

We continue to recommend that the City abandon this effort, and instead continue to maintain the right-of-way in the public's interest for all users (those young and old, residents and visitors, and those able-bodied and not), especially given the value of the access it provides (including sweeping views of the Monterey Bay), and especially when there are fairly limited comparable alternative access opportunities along the Depot Hill stretch of coast. Thank you for your consideration of our comments.

Sincerely,

DocuSigned by:

AFF4284CFEB54FA...

Rainey Graeven, District Supervisor, on behalf of
Dan Carl, Director
Central Coast District
California Coastal Commission

Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: Community and Economic Development Department

Subject: Citywide Municipal Code Amendments to Chapters 9 and 17 (Zoning)
Second Reading of Ordinance



Recommended Action: Conduct a second reading and adopt an ordinance amending Capitola Municipal Code Title 17 (Zoning) to repeal and replace Chapter 17.88: Incentives for Community Benefits, relocate existing village hotel incentives to Chapter 17.90: Incentives for a Village Hotel with Community Benefits, amend Chapter 17.74: Accessory Dwelling Units, Repeal Chapter 9.08: Tattoo Establishments, make related amendments for Body Art Studios to Chapter 17.20: Mixed Use, Chapter 17.24: Commercial and Industrial Zoning Districts, Chapter 17.96: Supplemental Regulations, and Chapter 17.160 Glossary, and finding that adoption of the ordinance is exempt from CEQA.

Background: In 2024, the City Council adopted the 2023-2031 Housing Element of the General Plan (Housing Element). The Housing Element establishes goals and policies for housing production in Capitola as required by state law. The Housing Element also contains programs with required City actions to implement Housing Element policies. The City must complete these actions by the dates specified for each program.

Since adopting the 2023-2031 Housing Element, the City has completed a number of Zoning Code amendments required by the Housing Element, including updating the Residential Multifamily (RM) Zone and the Capitola Mall Zoning Code. One remaining Zoning Code amendment required by Housing Element Program 1.4 calls for changes to Chapter 17.88, Incentives for Community Benefits, to facilitate residential development on commercial corridors.

In addition, amendments to the City's accessory dwelling unit (ADU) regulations are needed to maintain consistency with recent changes in state law. Staff also recommends amendments relating to tattoo establishments ("body art studios") to address legal considerations associated with the City's existing prohibition and to establish appropriate zoning, permitting, and operational standards for this use.

During the Planning Commission's regular meeting on June 4, 2026, the Planning Commission discussed amendments to Chapter 17.88 (Incentives for Community Benefits), Chapter 17.74 (Accessory Dwelling Units), and Chapter 9.08 (Tattoo Establishments) and provided feedback on the topics.

On August 20, 2026, the Planning Commission held a public hearing to consider the proposed amendments and recommended the City Council adopt these amendments. A link to the August 20, 2026, Planning Commission staff report is included as Attachment 3.

On September 11, 2026, the City Council unanimously approved the introduction of the ordinance.

Discussion: The proposed municipal code amendments apply to incentives for community benefits, ADU regulations, and body art studios.

Updates to Incentives for Community Benefits: Currently, Capitola Municipal Code Chapter 17.88 (Incentives for Community Benefits) provides incentives for applicants to locate and design development projects in a manner that provides substantial benefits to the community. Eligible projects are limited to 1) projects in the regional commercial (C-R) or community commercial (C-C) zoning districts on a property that fronts 41st Avenue (excluding the Capitola Mall property) or Capitola Road between Clares Street and 42nd Avenue; or 2) a hotel in the former Capitola Theater site in the Mixed-Use Village zoning district.

The Housing Element identifies Chapter 17.88 as a constraint to housing production and calls for the City to establish objective requirements for projects to receive increased height and FAR. In addition, Program 1.4 calls for the City to “expand the incentivized zone for increased FAR and height to facilitate mixed-use development, targeting commercial corridors where key sites are identified for RHNA, in exchange for an expanded list of community benefits that complement mixed use residential development (such as childcare facilities, recreation areas, etc.).”

Redevelopment of the Capitola Mall was previously a community benefit listed in Chapter 17.88 and subject to the incentives of additional height (50 feet) and floor area (2.0). The Housing Element anticipated the Capitola Mall zoning code updates to remain in Chapter 17.88; however, due to the extensiveness of the new incentives and objective standards, redevelopment of the Capitola Mall was removed from Chapter 17.88 and incorporated into Chapter 17.24 (the C-R Zone District), and a new stand-alone chapter was created (Chapter 17.57: Objective Design Standards for Capitola Mall Redevelopment). The updated code allows expanded heights up to 85 feet and excludes parking garages from the FAR on the Capitola Mall property.

At the recommendation of Coastal Commission staff, the proposed Chapter 17.88 amendments (Attachment 1, Exhibit A) move all content pertaining to the Village hotel to a new chapter (Chapter 17.90), with no substantive changes made to this content at this time.

Chapter 17.88, as amended, would apply to the existing “incentivized zone” on 41st Avenue and Capitola Road and includes the following changes:

- Modernizes allowable community benefits to include public open space, land for a transit center, structured public parking, land for a public facility, new commercial space, and a hotel.
- Establishes objective standards for qualifying community benefits.
- To incentivize hotel development, increases allowed hotel height to 60 feet, reduces minimum on-site parking, excludes meeting space from floor area ratio calculation, and replaces the requirement of a conditional use permit with newly established objective design and operational standards for hotels. Planning Commission approval of a design permit remains a requirement for a hotel.
- Incentivizes affordable housing development by allowing one additional concession or waiver for projects that use state density bonus law and provide a qualifying community benefit.
- Replaces subjective approval criteria with reliance on objective findings.
- Requires City Council conceptual review only for projects with a community benefit that must be dedicated to the City (e.g., land for a public facility).

Updates to Accessory Dwelling Units: In 2025, the state of California enacted Assembly Bill 1154 and Senate Bill 543, which amend state ADU and junior ADU (JADU) law. A JADU is a type of ADU with 500 square feet or less created entirely within the walls of an existing single-family home.

The proposed ADU amendments (Attachment 1, Exhibit B) maintain City conformance with state law with the following changes to Chapter 17.74 (Accessory Dwelling Units):

- Clarifies the City’s process for reviewing and acting on ADU and JADU applications.
- Requires JADU owner-occupancy only if JADU has shared sanitation facilities with primary dwelling.
- Allows combining two ADUs and one JADU (subject to limited standards) on a single-family lot.

Updates Related to Body Art Studios: Capitola Municipal Code Chapter 9.08 (Tattoo Establishments) currently states that “It is unlawful to maintain or conduct a tattoo establishment or to maintain and conduct a tattooing business in the City.” This prohibition was established in 1962.

The proposed body art studio amendments (Attachment 1, Exhibit C) repeals Municipal Code Chapter 9.08 (Tattoo Establishments) and amends the Zoning Code as follows:

- Allows body art studios in the C-C, C-R, and MU-V Zoning Districts with a conditional use permit.

- Limits the number of body art studios to two in the C-C and C-R Zoning Districts and one in the MU-V Zoning District, for a total of three studios Citywide.
- Establish an initial 30-day period (after the ordinance becomes effective) for the City to accept applications for a body art studio selection lottery. If the number of applications received exceeds the maximum number of body art studios permitted, the City will hold a lottery to determine which applications may proceed to conditional use permit review. If openings remain after the 30-day period, the City will accept applications on a first-come, first-served basis. The qualification criteria and lottery process are included in a new administrative policy (Attachment 2).
- Establishes standards for hours of operation; minimum separation from schools, places of religious assembly, and other body art studios; visibility of procedures; indoor procedures; prohibits alcohol consumption; age restrictions; and temporary/mobile facilities.

The Zoning Code is part of Capitola's Local Coastal Program (LCP), and as such, Zoning Code Amendments must be certified by the Coastal Commission before they become effective in the Coastal Zone.

Environmental Determination: The Chapter 17.88 amendments are exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code 21080.085, which states that "this division does not apply to a rezoning that implements the schedule of actions contained in an approved housing element pursuant to subdivision (c) of Section 65583 of the Government Code." Here, the Housing Element's Program 1.4 calls for the City to update the Zoning Code to facilitate housing production by removing constraints in the City's community benefits program and establishing new objective standards and approval criteria. Because the proposed Chapter 17.88 amendments implement this action, its adoption is exempt from CEQA. The body art studio amendments restricts zoning and cap a highly specific type of retail/service business to a maximum of three storefronts. Currently, personal service uses are allowed in commercial and mixed use zoning districts, and the proposed amendments add body art establishments as a similar allowed use subject to operational standards. Individual body art establishment projects will be evaluated under CEQA.

The proposed ADU Amendments are exempt from CEQA pursuant to Public Resources Code section 21080.17 and CEQA Guidelines section 15282(h), which exempts adoption of ordinances implementing state law regarding accessory dwelling units. The proposed body art studios amendments are categorically exempt from CEQA because it can be seen with certainty that there is no possibility that the adoption of the proposed amendments will have a significant effect on the environment (CEQA Guidelines, 14 Cal. Code of Regs. Section 15061(b)(3)). Currently, personal service uses are allowed in commercial and mixed-use zoning districts, and the proposed amendments add body art establishments as a similar allowed use subject to operational standards.

Fiscal Impact: There are no fiscal impacts associated with the recommended action.

Attachments:

1. Draft Ordinance
 - a. Exhibit A: New Chapter 17.88 (Incentives for Community Benefits) and new Chapter 17.90 (Incentives for a Village Hotel with Community Benefits)
 - b. Exhibit B: Amendments to Chapter 17.74 (Accessory Dwelling Units)
 - c. Exhibit C: Repeal of Chapter 9.08 (Tattoo Establishments), New Section 17.96.080 (Body Art Studios), and amendments to 17.20 (Mixed Use Zoning Districts), Chapter 17.24 (Commercial and Industrial Zoning Districts), and define body art studios in Chapter 17.160 (Glossary)
2. Administrative Policy for Body Art Studio Qualification and Lottery
3. August 20, 2026 Planning Commission staff report and attachments may be viewed at: <https://meetings.municode.com/adaHtmlDocument/index?cc=CAPITOLACA&me=175e29389ef74ee09af4226f91a6bda5&ip=True>

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government; Attainable Housing; Community Safety; Economic Opportunity; Healthy Families, Community, and Environment

Report Prepared By: Katie Herlihy, Community and Economic Development Director

Reviewed By: Lesley Milton, Interim City Clerk; Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY OF CAPITOLA TO ADOPT AMENDMENTS TO AMEND TITLE 17, ZONING CODE, OF THE CAPITOLA MUNICIPAL CODE TO REPEAL AND REPLACE CHAPTER 17.88: INCENTIVES FOR COMMUNITY BENEFITS; RELOCATE EXISTING VILLAGE HOTEL INCENTIVES TO NEW CHAPTER 17.90: INCENTIVES FOR A VILLAGE HOTEL WITH COMMUNITY BENEFITS; AMEND CHAPTER 17.74: ACCESSORY DWELLING UNITS; REPEAL CHAPTER 9.08: TATTOO ESTABLISHMENTS; MAKE RELATED AMENDMENTS FOR BODY ART STUDIOS TO CHAPTER 17.20:MIXED USE AND CHAPTER 17.24 COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS, CHAPTER 17.96: SUPPLEMENTAL REGULATIONS; AND 17.160 GLOSSARY; AND FINDING THAT ADOPTION OF THE ORDINANCE IS EXEMPT FROM CEQA

WHEREAS, on August 22, 2024, the City Council adopted amendments to the 2023-2031 Housing Element of the General Plan (“Housing Element”) and Addendum to the General Plan Final Environmental Impact Report;

WHEREAS, on August 30, 2025, the California Department of Housing and Community Development (“HCD”) certified the Housing Element;

WHEREAS, the Housing Element identifies Zoning Code Chapter 17.88 (Incentives for Community Benefits) as a constraint to housing production and calls for the City to establish objective standards for projects that provide community benefits;

WHEREAS, in 2025, the state enacted AB 1154 and SB 543 which revise the process and timeframe for cities to review and act on accessory dwelling units (ADUs) and junior accessory dwelling units (JADUs), modify owner occupancy requirements for JADUs, and clarify ADU provisions which also apply to JADUs;

WHEREAS, Municipal Code Chapter 9.08 (Tattoo Establishments), adopted in 1962, states that “It is unlawful to maintain or conduct a tattoo establishment or to maintain and conduct a tattooing business in the city.”;

WHEREAS, on May 7, 2026, staff met with California Coastal Commission staff to review proposed amendments to Chapter 17.88 (Incentives for Community Benefits) related to the Capitola Village Hotel and, based on the information provided Coastal staff provided direction to move the Capitola Village Hotel community benefits into a separate chapter of the code and not make changes to the standards;

WHEREAS, on June 4, 2026, the Planning Commission held a study session to provide feedback on proposed amendments to Chapter 17.88 (Incentives for Community Benefits), Chapter 17.74 (Accessory Dwelling Units), and Municipal Code Chapter 9.08 (Tattoo Establishments);

WHEREAS, on July 29, 2026, staff met with the California Department of Housing and Community Development (HCD) to review proposed amendments to Chapter 17.88

and, based on this information, HCD expressed preliminary support for the proposed amendments;

WHEREAS, notice of the amendments availability was mailed and public review drafts were made available on August 14, 2026, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, Chapter 17.88 amendments are exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code 21080.085 which states that CEQA does not apply to a rezoning that implements the schedule of actions contained in an approved housing element, the proposed ADU amendments are exempt from CEQA pursuant to Public Resources Code section 21080.17 and CEQA Guidelines section 15282(h) which exempts adoption of ordinances implementing state law regarding accessory dwelling units, and the proposed body art studios amendments are categorically exempt from CEQA. The body art studio amendments restricts zoning and cap a highly specific type of retail/service business to a maximum of three storefronts. Currently, personal service uses are allowed in commercial and mixed use zoning districts, and the proposed amendments add body art establishments as a similar allowed use subject to operational standards. Individual body art establishment projects will be evaluated under CEQA; therefore, it can be seen with certainty that there is no possibility that the adoption of the proposed amendments will have a significant effect on the environment. (CEQA Guidelines, 14 Cal. Code of Regs. Section 15061(b)(3));

WHEREAS, at a duly noticed public hearing on August 20, 2026 the Planning Commission recommended the City Council adopt the Municipal Code Amendments.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CAPITOLA DOES HEREBY ORDAIN AS FOLLOWS:

Section 1: The above findings are adopted and incorporated herein.

Section 2: Pursuant to Capitola Municipal Code Section 17.144.040 and 17.144.060 and based on substantial evidence in the record:

- a) The proposed Zoning Code Amendments are consistent with the General Plan, including the Housing Element and Land Use Element and any applicable specific plan as provided by Government Code Section 65860.
- b) The proposed Amendments will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.
- c) The proposed Amendments are internally consistent with other applicable provisions of the Zoning Code.

Section 3: The City Council has considered the Amendments' consistency with the certified Local Coastal Program (LCP) and finds the Zoning Code Amendments in conformity with and adequate to carry out the certified Land Use Plan.

Section 4: Title 17 (Zoning) and Chapter 9.08 (Tattoo Establishments) of the Capitola Municipal Code is amended as set forth in the following exhibits attached hereto and incorporated herein:

- Exhibit A: Repealing Chapter 17.88 (Incentives for Community Benefits and Adopting a new Chapter 17.88 (Incentives for Community Benefits) and relocating existing Village Hotel incentives to a new Chapter 17.90 (Incentives for a Village Hotel with Community Benefits)
- Exhibit B: Amendments to Chapter 17.74 (Accessory Dwelling Units)
- Exhibit C: Repeal of Chapter 9.08 (Tattoo Establishments), New Section 17.96.080 (Body Art Studios), and amendments to 17.20 (Mixed Use Zoning Districts), Chapter 17.24 (Commercial and Industrial Zoning Districts), and define body art studios in Chapter 17.160 (Glossary)

Section 5: Environmental Review.

The City Council finds that:

- The Chapter 17.88 Amendments are exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code 21080.085, which states that “This division does not apply to a rezoning that implements the schedule of actions contained in an approved housing element pursuant to subdivision (c) of Section 65583 of the Government Code.” Here, the Housing Element’s Program 1.4 calls for the City to update the Zoning Code to facilitate housing production by removing constraints in the City’s community benefits program and establishing new objective standards and approval criteria. Because the proposed Chapter 17.88 amendments implement this action, its adoption is exempt from CEQA.
- The ADU Amendments are exempt from CEQA pursuant to Public Resources Code section 21080.17 and CEQA Guidelines section 15282(h), which exempts adoption of ordinances implementing state law regarding accessory dwelling units.
- The Body Art Studios Amendments are categorically exempt from CEQA because it can be seen with certainty that there is no possibility that the adoption of the proposed Amendments will have a significant effect on the environment. (CEQA Guidelines, 14 Cal. Code of Regs. Section 15061(b)(3)). Currently, personal service uses are allowed in commercial and mixed use zoning districts, and the proposed amendments add body art establishments as a similar allowed use subject to operational standards.

Section 6: Effective Date.

This Ordinance shall be in full force and effect thirty (30) days from its passage and adoption except that it will not take effect within the coastal zone until certified by the California Coastal Commission. This Ordinance shall be transmitted to the California Coastal Commission and shall take effect in the coastal zone immediately upon certification by the California Coastal Commission or upon the concurrence of the Commission with a determination by the Executive Director that the Ordinance adopted by the City is legally adequate.

Section 7: Severability.

The City Council hereby declares every section, paragraph, sentence, cause, and phrase of this ordinance is severable. If any section, paragraph, sentence, clause, or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses, or phrases.

Section 8: Certification.

The City Clerk shall cause this ordinance to be posted and/or published in the manner required by law.

This Ordinance was introduced at the regular meeting of the City Council on the 10th day of September, 2026, and was adopted at a regular meeting of the City Council on the 24th day of September, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Margaux Morgan, Mayor

Attest: _____
Lesley Milton, Interim City Clerk

APPROVED AS TO FORM:

Marc Tran, City Attorney

Chapter 17.88**INCENTIVES FOR COMMUNITY BENEFITS**

Sections:

- ~~17.88.010 — Purpose—~~
- ~~17.88.020 — Incentives restricted to added benefits.~~
- ~~17.88.030 — Eligibility—~~
- ~~17.88.040 — Allowable benefits—~~
- ~~17.88.050 — Available incentives—~~
- ~~17.88.060 — Relationship to state density bonus law.~~
- ~~17.88.070 — Application submittal and review.~~
- ~~17.88.080 — Findings.~~
- ~~17.88.090 — Post decision procedures.~~

~~17.88.010 — Purpose.—~~

~~This chapter establishes incentives for applicants to locate and design development projects in a manner that provides substantial benefits to the community. These incentives are intended to facilitate the redevelopment of underutilized properties along 41st Avenue consistent with the vision for the corridor described in the general plan and to encourage the development of a new hotel in the Village as called for by the general plan and the local coastal program (LCP). This chapter does not apply to development on the Capitola Mall property.~~

~~17.88.020 — Incentives restricted to added benefits.~~

~~The city may grant incentives only when the community benefits or amenities offered are not otherwise required by the zoning code or any other provision of local, state, or federal law. Community benefits or amenities must significantly advance general plan and/or LCP goals and/or incorporate a project feature that substantially exceeds the city's minimum requirements.~~

~~17.88.030 — Eligibility.—~~

~~A. Eligibility for Incentive. The city may grant incentives for the following projects:~~

~~1. Projects in the regional commercial (C-R) and community commercial (C-C) zoning districts that:~~

- ~~a. Front 41st Avenue, excluding the Capitola Mall property; or~~
- ~~b. Front Capitola Road between Clares Street and 42nd Avenue; or~~

~~2. A hotel on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10) in the mixed-use village zoning district.~~

~~B. Setback Required—41st Avenue. Structures on properties fronting the east side of 41st Avenue must be set back a minimum of one hundred feet from the property line abutting a residential property.—~~

~~17.88.040 — Allowable benefits.—~~

~~A. All Eligible Projects. The city may grant incentives to all eligible projects as identified in Section 17.88.030 (Eligibility) that provide one or more of the following community benefits. The public benefit provided shall be of sufficient value as determined by the planning commission to justify deviation from the standards of the zoning district that currently applies to the property.~~

- ~~1. Public Open Space. Public plazas, courtyards, and other public gathering places that provide opportunities for people to informally meet and gather. Open space must be accessible to the general public at all times.— Provision must be made for ongoing operation and maintenance in perpetuity. The public space must either—~~

~~exceed the city's minimum requirement for required open space and/or include quality improvements to the public realm to create an exceptional experience.~~

~~2. Public Infrastructure. Improvements to streets, sidewalks, curbs, gutters, sanitary and storm sewers, street trees, lighting, and other public infrastructure beyond the minimum required by the city or other public agency.~~

~~3. Pedestrian and Bicycle Facilities. New or improved pedestrian and bicycle pathways that enhance the property and connectivity to the surrounding neighborhood.~~

~~4. Low-Cost Visitor Serving Amenities. New or improved low-cost visitor serving recreational opportunities or accommodations within the Central Village area.~~

~~5. Transportation Options. Increased transportation options for residents and visitors to walk, bike, and take public transit to destinations and reduce greenhouse gas emissions.~~

~~6. Historic Resources. Preservation, restoration, or rehabilitation of a historic resource.~~

~~7. Public Parking. A public parking structure that provides parking spaces in excess of the required number of parking spaces for use by the surrounding commercial district. Excess parking provided as part of a Village hotel may not be located on the hotel site and must be located outside of the mixed-use village zoning district.~~

~~8. Green Building. Green building and sustainable development features that exceed the city's green building award status.~~

~~9. Public Art. Public art that exceeds the city's minimum public art requirement and is placed in a prominent and publicly accessible location.~~

~~10. Child Care Facilities. Child care centers and other facilities providing daytime care and supervision to children.~~

~~11. Other Community Benefits. Other community benefits not listed above, such as entertainment destinations, as proposed by the applicant that are significant and substantially beyond normal requirements.~~

~~B. 41st Avenue/Capitola Road Projects. In addition to the community benefits in subsection A of this section, the city may grant incentives to eligible projects fronting 41st Avenue or Capitola Road between Clares Street and 42nd Avenue (excluding the Capitola Mall property) that provide one or more of the following community benefits:~~

~~1. Surface Parking Lot Redevelopment. Redevelopment of existing surface parking lots fronting 41st Avenue and Capitola Road while introducing new sidewalk-oriented commercial buildings that place commercial uses along the street frontage.~~

17.88.050 — Available incentives.

~~A. 41st Avenue/Capitola Road Projects. The city may grant the following incentives to an eligible project fronting 41st Avenue, Capitola Road between Clares Street and 42nd Avenue (excluding the Capitola Mall property):~~

~~1. An increase in the maximum permitted floor area ratio (FAR) to 2.0.~~

~~2. An increase in the maximum permitted building height to fifty feet.~~

~~B. Village Hotel. The city may grant the following incentives to a proposed hotel on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10):~~

~~1. An increase in the maximum permitted floor area ratio (FAR) to 3.0.~~

~~2. An increase to the maximum permitted building height; provided, that:~~

- ~~a. The maximum height of the hotel (including all rooftop architectural elements such as chimneys, cupolas, etc., and all mechanical appurtenances such as elevator shafts, HVAC units, etc.) remains below the elevation of the bluff behind the hotel;~~
- ~~b. The bluff behind the hotel remains visible as a green edge (i.e., the upper bluff (i.e., below the blufftop edge) and upper bluff vegetation shall remain substantially visible across the length of the project site) when viewed from the southern parking area along the bluff of Cliff Drive (i.e., the parking area seaward of Cliff Drive and closest to Opal Cliff Drive) and from the Capitola wharf;~~
- ~~c. Existing mature trees shall be maintained on the site, except that trees that are unhealthy or unsafe may be removed; and~~
- ~~d. The rooftop shall be aesthetically pleasing and shall not significantly adversely affect public views from Cliff Avenue on Depot Hill. In addition to modifications to avoid structural incursions into this view, this can be accomplished through design features on top of the roof as well (e.g., use of a living roof, roof colors and materials that reduce its visual impacts, etc.). Rooftop appurtenances (e.g., elevator shafts, HVAC units, vents, solar panels, etc.) shall be screened from public view and integrated into/within the above-referenced rooftop design features to the greatest extent feasible.—~~

~~17.88.060—Relationship to state density bonus law.~~

~~The incentives allowed by this section are in addition to any development incentive required by Section 65915 of the California Government Code.—~~

~~17.88.070—Application submittal and review.~~

~~A. Request Submittal. A request for an incentive in exchange for benefits shall be submitted concurrently with an application for the discretionary permits required for the project by the zoning code. Applications shall be accompanied by the following information:~~

- ~~1. A description of the proposed amenities and how they will benefit the community.~~
- ~~2. All information needed by the city council to make the required findings described in Section 17.88.080 (Findings), including a pro forma analysis demonstrating that the benefit of the proposed amenities to the community is commensurate with the economic value of the requested incentives.—~~

~~B. Conceptual Review. Prior to city action on a request for an incentive, the request shall be considered by the planning commission and city council through the conceptual review process as described in Chapter 17.114 (Conceptual Review). Conceptual review provides the applicant with nonbinding input from the city council and planning commission as to whether the request for incentives is worthy of consideration.—~~

~~C. Theater Site Story Poles. Prior to city action on a proposed hotel on the former Capitola Theater site the planning commission or city council may require the applicant to install poles and flagging on the site to demonstrate the height and mass of the proposed project.—~~

~~D. Planning Commission Recommendation. Following conceptual review, the planning commission shall provide a recommendation to the city council on the proposed project and requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings).—~~

~~E. City Council Action. After receiving the planning commission's recommendation, the city council shall review and act on the requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings). The city council shall also review and act on other permits required for the project requesting incentives.—~~

~~17.88.080—Findings.~~

~~A. All Eligible Projects. The city council may approve the requested incentives for all eligible projects only if all of the following findings can be made in addition to the findings required for any other discretionary permit required by the zoning code:~~

EXHIBIT A

Item 8 C.

- ~~1. The proposed amenities will provide a substantial benefit to the community and advance the goals of the general plan.~~
- ~~2. There are adequate public services and infrastructure to accommodate the increased development potential provided by the incentive.~~
- ~~3. The public benefit exceeds the minimum requirements of the zoning code or any other provisions of local, state, or federal law.~~
- ~~4. The project minimizes adverse impacts to neighboring properties to the greatest extent possible.~~
- ~~5. If in the coastal zone and subject to a coastal development permit, the project enhances coastal resources.~~

~~B. Village Hotel. In addition to the findings in subsection A of this section, the city council may approve the requested incentives for a proposed hotel on the former Capitola Theater site only if the following findings can be made:~~

- ~~1. The design of the hotel respects the scale and character of neighboring structures and enhances Capitola's unique sense of place.~~
- ~~2. The hotel will contribute to the economic vitality of the Village and support an active, attractive, and engaging pedestrian environment.~~
- ~~3. Hotel siting and design will (a) minimize impacts to public views, including views of the beach and Village from vantage points outside of the Village and from Cliff Avenue and Depot Hill behind the hotel; and (b) does not adversely impact any significant public views of the coastline as identified in the LCP's land use plan.~~
- ~~4. Parking for the hotel is provided in a way that minimizes vehicle traffic in the Village, strengthens the Village as a pedestrian-oriented destination, and protects public parking options.~~

~~17.88.090 — Post decision procedures.~~

~~Post decision procedures and requirements in Chapter 17.156 (Post Decision Procedures) shall apply to decisions on incentives for community benefits.~~

Chapter 17.88**INCENTIVES FOR COMMUNITY BENEFITS****Sections:**

- 17.88.010 Purpose.
- 17.88.020 Incentives restricted to added benefits.
- 17.88.030 Eligibility.
- 17.88.040 Allowable community benefits.
- 17.88.050 Available incentives.
- 17.88.060 Residential transition standards.
- 17.88.070 Hotel standards.
- 17.88.080 Application submittal and review.
- 17.88.090 Findings.
- 17.88.100 Post-decision procedures.

17.88.010 Purpose.

This chapter establishes incentives for applicants to locate and design development projects in a manner that provides substantial benefits to the community. These incentives are intended to facilitate the redevelopment of underutilized properties along 41st Avenue and Capitola Road consistent with the vision for the corridors described in the general plan. This chapter does not apply to development on the Capitola Mall property bound by 41st Avenue, Capitola Road and Clares Street.

17.88.020 Incentives restricted to added benefits.

The city may grant incentives only when the community benefits or amenities offered are not otherwise required by the zoning code or any other provision of local, state, or federal law. Community benefits or amenities must significantly advance general plan and/or LCP goals and/or incorporate a project feature that substantially exceeds the city's minimum requirements.

17.88.030 Eligibility.

Eligibility for the incentives described in this chapter is limited to projects in the regional commercial (C-R) and community commercial (C-C) zoning districts that:

- A. Front 41st Avenue, excluding the Capitola Mall property; or
- B. Front Capitola Road between Clares Street and 42nd Avenue, excluding the Capitola Mall property.

17.88.040 Allowable community benefits.

The city may grant incentives to projects located on eligible properties as identified in Section 17.88.030 (Eligibility) that provide one or more of the following community benefits.

- A. **Public Open Space.** Public plazas, courtyards, and other public gathering places that provide opportunities for people to informally meet and gather, that satisfy all of the following:
 - 1. A minimum of 5 percent of the project site area, or 3,000 square feet, whichever is greater, shall be provided as additional open space as a community benefit. The open space shall be provided in addition to any minimum open space required by the applicable zoning district.
 - 2. A minimum of 25 percent of the open space area shall be planted with ground cover and/or shrubs.
 - 3. A minimum of one tree shall be planted per 400 square feet of open space.
 - 4. The open space shall be publicly accessible for a minimum of 12 consecutive hours per day or during daylight hours, whichever is longer.

5. The open space shall be directly accessible and visible from a publicly accessible street or pathway.
 6. The open space shall have a minimum dimension of 20 feet in any direction.
 7. The open space shall have permanent seating (e.g., seat walls, planter ledges, benches, picnic tables, and seating steps).
 8. The open space shall include lighting for nighttime use.
 9. The open space must be either dedicated to the city or privately owned and maintained with dedication of a public access easement.
- B. Transit Center.** Land dedication or public easements for a public transit facility that satisfies all of the following:
1. The site accommodates a permanent public transit facility consistent with Santa Cruz METRO plans and requirements.
 2. The site is of sufficient size, configuration, location, and condition to accommodate the intended transit facilities and associated passenger amenities.
 3. The site provides direct and convenient access from a public street and is located where it can effectively serve the surrounding commercial district.
 4. The site is accessible to pedestrians and bicyclists and provides safe connections to existing or planned pedestrian and bicycle facilities.
 5. The site will accommodate a transit center with passenger loading and unloading areas, shelters, seating, lighting, wayfinding, and other amenities required by Santa Cruz METRO.
- C. Public Parking.** Construction of a parking structure that provides parking spaces in excess of the number of parking spaces required for the project, that satisfies all of the following:
1. The structure provides a minimum of 25 parking spaces in excess of the spaces required for the project, or additional spaces equal to 20 percent of the project's required parking, whichever is greater.
 2. The additional parking spaces shall be available for use by the general public and shall not be reserved exclusively for the project's tenants, employees, customers, or residents.
 3. The additional parking spaces shall be located and designed to serve the surrounding commercial district and shall be reasonably accessible from a public street or publicly accessible pedestrian connection.
 4. The additional public parking shall be maintained and available for public use for the life of the development, unless the city council approves an alternative arrangement that provides an equivalent or greater public benefit.
 5. The parking structure shall include safe and convenient pedestrian connections between the parking facility and surrounding public streets, sidewalks, and commercial uses.
 6. The applicant shall be responsible for the construction, maintenance, operation, and other costs associated with the additional public parking spaces, unless otherwise agreed to by the city.
- D. Land for Public Facility.** Dedication of land to the city for a public facility that satisfies all of the following:
1. The property is accepted by the city for the specific public facility.
 2. The property is of sufficient size and configuration to accommodate the intended facility.
 3. The property has direct access from a public street.
 4. The property is legally developable and does not have constraints that substantially limit its use.

5. The property is conveyed free and clear of liens, encumbrances, hazardous materials, and other conditions that would prevent the city's use, or require the applicant to address them.
6. The property has utilities reasonably available or is capable of being served.
7. The property is permanently dedicated to, or secured for the benefit of, the city for the life of the public facility. The dedication may be accomplished through fee title conveyance or through a long-term lease or other legally binding agreement acceptable to the city, provided that the agreement has a term sufficient to ensure the continued availability and operation of the public facility for its useful life and provides the city with rights sufficient to develop, operate, maintain, and, if necessary, replace the facility.

E. New Commercial Space. New commercial space that satisfies all of the following:

1. Minimum net increase. The project provides net new commercial floor area equal to at least 10 percent of the project's total gross floor area, with a minimum of 5,000 square feet and a maximum requirement of 30,000 square feet. A project may provide more than 30,000 square feet of net new commercial floor area; however, no more than 30,000 square feet shall be required to satisfy this section. For purposes of this section, "net new commercial floor area" means commercial floor area proposed as part of the project that exceeds the amount of existing commercial floor area removed or replaced by the project.
2. No net loss. There is no net loss of existing commercial space on the site. Only commercial space provided in excess of the amount replaced shall count as net new commercial floor area. For purposes of calculating the required net new commercial floor area, the amount of existing commercial floor area on the site shall be established based on legally established floor area existing at the time of application. Commercial floor area that is demolished or converted to another use shall be counted as existing commercial floor area for purposes of determining the required replacement area.
3. Qualifying new uses. The minimum required commercial space shall be occupied by active, publicly accessible commercial, cultural, or entertainment uses open to the general public, including retail sales, restaurants, food and beverage establishments, and similar visitor-serving uses. Medical offices and clinics and uses that are membership-based personal service uses, including gyms, fitness centers, and yoga studios, shall not count toward the minimum required commercial floor area.
4. Phased development. Where a project is developed in phases, the required net new commercial floor area shall be provided proportionately with the development phases, unless an alternative phasing plan is approved by the City.

F. Hotel. A new hotel that satisfies all of the following:

1. Hotel Use Requirements.
 - a. The hotel shall be maintained and operated for transient occupancy for a minimum of 30 years from the date of issuance of the certificate of occupancy. During the required operating period, the hotel use shall not be discontinued, converted, or redeveloped for residential, office, or other non-transient use except as provided in subsection c below.
 - b. Prior to issuance of a building permit, the property owner shall execute and record a covenant, in a form approved by the City Attorney, requiring compliance with this subsection. The covenant shall run with the land and be binding upon all owners, successors, and assigns for the duration of the required operating period. The covenant shall not be amended, released, or terminated without approval of the City Council.
 - c. During the minimum 30-year operating period, the city council may approve the discontinuation, conversion, or redevelopment of the hotel for a non-transient use only if the applicant demonstrates, based on substantial evidence, that continued operation as a hotel is no longer economically feasible despite reasonable efforts to maintain and operate the hotel as a transient lodging facility. Any approved conversion shall be subject to such conditions as the city council determines necessary to protect the city's community and economic development goals and objectives.

2. Hotel Amenities. The project shall provide all required hotel-related amenities, parking, loading, and other facilities necessary to support hotel operations, and shall comply with all requirements in Section 17.88.070 (Hotel Standards).

17.88.050 Available incentives.

The city may grant incentives to eligible projects as identified in Section 17.88.030 (Eligibility) that provide one or more of the benefits identified in Section 17.88.040 (Allowable Community Benefits).

A. Project Categories. For purposes of determining available incentives, eligible projects that provide community benefits are classified as follows:

1. “General projects” are all projects that:
 - a. Do not include a qualifying hotel; and
 - b. Do not use state density bonus law (Government Code Sections 65915 through 65918).
2. “Hotel projects” are projects that include a qualifying hotel and do not use state density bonus law.
3. “Density bonus projects” are projects providing affordable and/or senior housing using state density bonus law.

B. General Projects. The city may grant the following incentives to qualifying general projects:

1. An increase in the maximum permitted floor area ratio (FAR) to 2.0.
2. An increase in the permitted building height to a maximum of 50 feet.

C. Hotel Projects. The city may grant the following incentives to qualifying hotel projects:

1. An increase in the maximum permitted floor area ratio (FAR) to 2.0.
2. An increase in the permitted building height to a maximum of 60 feet.
3. Reduced minimum on-site parking spaces as follows:
 - a. Minimum of 0.75 parking spaces per guest room plus 1 parking space per 500 square feet of office area.
 - b. Meeting space and conference facilities shall not require additional on-site parking spaces, provided the facilities are operated as part of the hotel and are not independently leased or operated as a primary assembly or event venue.
4. Meeting space and conference facilities are excluded from the floor area used to calculate a project’s floor area ratio (FAR).
5. The hotel is required to obtain approval of a design permit and must conform with all design standards and operational standards in Section 17.88.070 (Hotel Standards). The hotel is allowed as a permitted use without the requirement to obtain a conditional use permit.

D. Density Bonus Projects.

1. For a qualifying density bonus project that provides a community benefit under this chapter, the city may grant one additional density bonus concession or incentive beyond the number specified in Government Code Section 65915(d)(2).
2. The additional density bonus concession or incentive available for providing a community benefit is supplemental and in addition to the benefits available to the project under state density bonus law.
3. A density bonus project shall not receive increased FAR or height as an incentive for providing a community benefit under this chapter. The project may request increased FAR or height as a concession.

incentive, or waiver under state density bonus law.

4. For a project that uses state density bonus law, the project's base density shall be calculated solely from the objective development standards applicable to the zoning of the site before application of any incentives available under this chapter or any concession, incentive, waiver, or density increase available under state density bonus law.
5. Nothing in this chapter shall be construed to limit or interfere with an applicant's rights under Government Code Sections 65915 through 65918.

17.88.060 Residential transition standards.

- A. **All Projects.** All projects receiving incentives for community benefits under this chapter shall comply with the setback, daylight plane, landscaping, and loading standards in Section 17.24.030.E (Residential Transition Standards).
- B. **East Side of 41st Avenue.** In addition to complying with Section 17.24.030.E (Residential Transition Standards), structures on properties fronting the east side of 41st Avenue must be set back a minimum of 100 feet from the property line abutting a residential property.

17.88.070 Hotel standards.

The following standards apply to a hotel approved pursuant to this chapter.

A. Design Standards.

1. **Street Presence.** A minimum of one hotel building facade shall front a street in compliance with the following:
 - a. Surface parking lots are prohibited between the building facade and the street-adjacent sidewalk.
 - b. Street parking and porte-cocheres drop-off areas are permitted between the building facade and the street.
 - c. A building entrance accessed from the sidewalk shall provide access to the hotel lobby.
 - d. Loading docks and service areas may not be located on a street frontage.
2. **Parking Location.** Existing and new surface parking is permitted along all other building facades that do not provide the street presence as required by paragraph (1) of this subsection.
3. **Windows and Doors.** All windows above the ground floor shall include trim, reveals, recesses, or other detailing to define window openings.
4. **Rooftop Mechanical Equipment.** Rooftop mechanical equipment, including vents and stacks, shall be fully screened from view by an architectural feature, such as a parapet wall.
5. **Materials.** The following exterior facade materials are prohibited on any building elevation facing a street or publicly accessible open space:
 - a. Vinyl siding.
 - b. T-111 plywood siding.
 - c. Plastic or PVC-based siding systems.
 - d. Exterior insulation and finish systems (EIFS) used for architectural decoration, trim or accent materials.
 - e. Simulated stone within the first 20 feet above the adjacent grade.
 - f. Veneer products that are not rated for impact resistance within the first thirty inches above the

adjacent grade.

g. Corrugated metal used as a primary facade material (roof and facade accents allowed).

B. Operational Standards.

1. Site Operations.

- a. **Site Access.** The hotel shall maintain unobstructed access, consistent with the minimum widths and clearances required by the California Fire Code and Chapter 17.76 (Parking and Loading), for pedestrians, bicycles, passenger vehicles, deliveries, emergency vehicles, and solid waste collection vehicles.
- b. **Guest Loading and Queuing.** Guest loading, passenger drop-off, valet operations, and queuing shall be accommodated entirely on-site and shall not obstruct public streets, sidewalks, drive aisles, fire lanes, or required parking spaces.
- c. **Delivery and Service Operations.**
 - i. Loading and service areas shall be physically separated from guest entrances and required guest parking areas by a building wall, fencing, landscaping, or a minimum horizontal separation of 15 feet, and shall not share a common driveway or drive aisle with the primary guest entrance during hotel operating hours.
 - ii. All routine commercial deliveries, linen services, food and beverage deliveries, and service vehicles shall load and unload entirely on-site within designated loading areas or off-street parking spaces. Delivery vehicles shall not idle on public streets or block public rights-of-way.
- d. **Emergency Access.** Fire lanes, emergency access routes, hydrants, and fire department connections shall remain unobstructed at all times.
- e. **Public Utilities.** The hotel shall maintain connections to all required public utilities and infrastructure necessary to serve the development.

2. Neighborhood Compatibility.

- a. **Hours for Outdoor Amenities.** Outdoor guest amenities, including pools, spas, patios, courtyards, rooftop gathering areas, and similar common areas, shall not be used between the hours of 10:00 p.m. and 7:00 a.m., except for pedestrian access.
- b. **Exterior Lighting.** Exterior lighting fixtures shall be full cutoff or fully shielded, directed downward, and shall not exceed 0.5 foot-candles measured at any adjoining property line or public right-of-way.
- c. **Mechanical Equipment.** Mechanical equipment shall comply with the noise standards of Chapter 9.12 (Noises) and Capitola General Plan Noise Element and shall be fully screened from view from adjoining properties and public rights-of-way.
- d. **Loading and Service Hours.** Loading activities, refuse collection, and routine service deliveries using vehicles exceeding two axles shall occur only between 7:00 a.m. and 10:00 p.m. when the loading area is located within 100 feet of a residential zoning district, school, park, or another hotel or lodging use.
- e. **Environmental Impacts.** Hotel operations shall comply with all applicable city standards regulating noise, lighting, smoke, odor, dust, vibration, and other environmental impacts.

3. Maintenance and Safety.

- a. **Property Maintenance.** Buildings, parking areas, driveways, landscaping, fencing, lighting, and other site improvements shall be maintained free of broken, missing, or structurally damaged

materials; peeling or faded paint visible from adjoining properties or public rights-of-way; and holes, cracks, or other surface deterioration beyond normal wear.

- b. **Graffiti Removal.** Graffiti shall be removed within 72 hours of discovery.
- c. **Landscape Maintenance.** Dead, diseased, or damaged landscaping shall be replaced within 60 days, weather permitting.
- d. **Waste Collection Areas.**
 - i. Trash, recycling, and organic waste containers shall be maintained within required enclosures except during collection.
 - ii. Waste storage areas shall be sized to accommodate all anticipated trash, recyclable materials, and organic waste generated by the hotel, guest rooms, and accessory uses without overflow.
- e. **Outdoor Storage.** Outdoor storage of equipment, furniture, supplies, or materials shall be prohibited except where specifically authorized by this code.
- f. **Community Contact.** The hotel shall designate an on-site or on-call manager available 24 hours a day to respond to operational concerns from guests, neighbors, and the public, and shall post the manager's contact telephone number at the primary guest entrance and provide it to the city's Community and Economic Development Department.

4. Municipal and Tax Compliance.

- a. **Business License and Taxes.** The hotel shall maintain an active, valid city business license at all times and shall remain fully compliant with all applicable provisions of the Municipal Code regarding the collection, reporting, and remittance of Transient Occupancy Tax (TOT) and any applicable Tourism Marketing District (TMD) assessments. Operational noncompliance with tax reporting or remittance obligations shall constitute a violation of this zoning standard.

17.88.080 Application submittal and review.

- A. **Request Submittal.** A request for an incentive in exchange for community benefits shall be submitted concurrently with an application for the discretionary permits required for the project by the zoning code. Applications shall be accompanied by the following information:
 - 1. A description of the proposed amenities and how they will benefit the community.
 - 2. All information needed by the city council to make the required findings described in Section 17.88.090 (Findings).
- B. **Conceptual Review.** For a projects with a community benefit that must be dedicated to the city (e.g., land for a public facility), the project shall be considered by the city council through the conceptual review process as described in Chapter 17.114 (Conceptual Review).
- C. **Planning Commission Recommendation.** Following conceptual review, the planning commission shall provide a recommendation to the city council on the proposed project and requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings).
- D. **City Council Action.** After receiving the planning commission's recommendation, the city council shall review and act on the requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings). The city council shall also review and act on other permits required for the project requesting incentives.

17.88.090 Findings.

The city council may approve the requested incentives for an eligible project only if all of the following findings can be made in addition to the findings required for any other discretionary permit required by the zoning code:

EXHIBIT A

Item 8 C.

- A. The community benefits conform with all applicable objective standards.
- B. The community benefits exceeds the minimum requirements of the zoning code or any other provision of local, state, or federal law.

17.88.100 Post-decision procedures.

Post-decision procedures and requirements in Chapter 17.156 (Post-Decision Procedures) shall apply to decisions on incentives for community benefits.

Chapter 17.90

INCENTIVES FOR A VILLAGE HOTEL WITH COMMUNITY BENEFITS

Sections:

- 17.90.010 Purpose.
- 17.90.020 Incentives restricted to added benefits.
- 17.90.030 Eligibility.
- 17.90.040 Allowable benefits.
- 17.90.050 Available incentives.
- 17.90.060 Application submittal and review.
- 17.90.070 Findings.
- 17.90.080 Post-decision procedures.

17.90.010 Purpose.

This chapter establishes incentives for the development of a new hotel in the Village in a manner that provides substantial benefits to the community. These incentives are intended to encourage the development of a new Village hotel as called for by the general plan and the local coastal program (LCP).

17.90.020 Incentives restricted to added benefits.

The city may grant incentives for a Village hotel only when the community benefits or amenities offered are not otherwise required by the zoning code or any other provision of local, state, or federal law. Community benefits or amenities must significantly advance general plan and/or LCP goals and/or incorporate a project feature that substantially exceeds the city's minimum requirements.

17.90.030 Eligibility.

The city may grant incentives provided in this chapter for a hotel on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10) in the Mixed Use Village (MU-V) zoning district.

17.90.040 Allowable benefits.

The city may grant incentives to a Village hotel project that provides one or more of the following community benefits. The public benefits provided shall be of sufficient value as determined by the planning commission to justify deviation from the standards of the zoning district that currently applies to the property.

A. Public Open Space. Public plazas, courtyards, and other public gathering places that provide opportunities for people to informally meet and gather. Open space must be accessible to the general public at all times. Provision must be made for ongoing operation and maintenance in perpetuity. The public space must either exceed the city's minimum requirement for required open space and/or include quality improvements to the public realm to create an exceptional experience.

B. Public Infrastructure. Improvements to streets, sidewalks, curbs, gutters, sanitary and storm sewers, street trees, lighting, and other public infrastructure beyond the minimum required by the city or other public agency.

C. Pedestrian and Bicycle Facilities. New or improved pedestrian and bicycle pathways that enhance the property and connectivity to the surrounding neighborhood.

D. Low-Cost Visitor Serving Amenities. New or improved low-cost visitor serving recreational opportunities or accommodations within the Central Village area.

E. Transportation Options. Increased transportation options for residents and visitors to walk, bike, and take public transit to destinations and reduce greenhouse gas emissions.

F. Historic Resources. Preservation, restoration, or rehabilitation of a historic resource.

G. Public Parking. A public parking structure that provides parking spaces in excess of the required number of parking spaces for use by the surrounding commercial district. Excess parking provided as part of a Village hotel may not be located on the hotel site and must be located outside of the mixed use village zoning district.

H. Green Building. Green building and sustainable development features that exceed the city's green building award status.

I. Public Art. Public art that exceeds the city's minimum public art requirement and is placed in a prominent and publicly accessible location.

J. Child Care Facilities. Child care centers and other facilities providing daytime care and supervision to children.

K. Other Community Benefits. Other community benefits not listed above, such as entertainment destinations, as proposed by the applicant that are significant and substantially beyond normal requirements.

17.90.050 Available incentives.

The city may grant the following incentives to an eligible Village hotel project:

A. An increase in the maximum permitted floor area ratio (FAR) to 3.0.

B. An increase to the maximum permitted building height; provided, that:

1. The maximum height of the hotel (including all rooftop architectural elements such as chimneys, cupolas, etc., and all mechanical appurtenances such as elevator shafts, HVAC units, etc.) remains below the elevation of the bluff behind the hotel;

2. The bluff behind the hotel remains visible as a green edge (i.e., the upper bluff (i.e., below the blufftop edge) and upper bluff vegetation shall remain substantially visible across the length of the project site) when viewed from the southern parking area along the bluff of Cliff Drive (i.e., the parking area seaward of Cliff Drive and closest to Opal Cliff Drive) and from the Capitola wharf;

3. Existing mature trees shall be maintained on the site, except that trees that are unhealthy or unsafe may be removed; and

4. The rooftop shall be aesthetically pleasing and shall not significantly adversely affect public views from Cliff Avenue on Depot Hill. In addition to modifications to avoid structural incursions into this view, this can be accomplished through design features on top of the roof as well (e.g., use of a living roof, roof colors and materials that reduce its visual impacts, etc.). Rooftop appurtenances (e.g., elevator shafts, HVAC units, vents, solar panels, etc.) shall be screened from public view and integrated into/within the above-referenced rooftop design features to the greatest extent feasible.

17.90.060 Application submittal and review.

A. Request Submittal. A request for an incentive in exchange for benefits shall be submitted concurrently with an application for the discretionary permits required for the project by the zoning code. Applications shall be accompanied by the following information:

1. A description of the proposed amenities and how they will benefit the community.

2. All information needed by the city council to make the required findings described in Section 17.90.080 (Findings), including a pro forma analysis demonstrating that the benefit of the proposed amenities to the community is commensurate with the economic value of the requested incentives.

B. Conceptual Review. Prior to city action on a request for an incentive, the request shall be considered by the planning commission and city council through the conceptual review process as described in Chapter 17.114 (Conceptual Review). Conceptual review provides the applicant with nonbinding input from the city council and planning commission as to whether the request for incentives is worthy of consideration.

C. Theater Site Story Poles. Prior to city action on a proposed hotel on the former Capitola Theater site, the planning commission or city council may require the applicant to install poles and flagging on the site to demonstrate the height and mass of the proposed project.

D. Planning Commission Recommendation. Following conceptual review, the planning commission shall provide a recommendation to the city council on the proposed project and requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings).

E. City Council Action. After receiving the planning commission's recommendation, the city council shall review and act on the requested incentives at a noticed public hearing in compliance with Chapter 17.148 (Public Notice and Hearings). The city council shall also review and act on other permits required for the project requesting incentives.

17.90.070 Findings.

The city council may approve the requested incentives for a proposed Village hotel project only if all of the following findings can be made in addition to the findings required for any other discretionary permit required by the zoning code:

A. The proposed amenities will provide a substantial benefit to the community and advance the goals of the general plan.

B. There are adequate public services and infrastructure to accommodate the increased development potential provided by the incentive.

C. The public benefit exceeds the minimum requirements of the zoning code or any other provisions of local, state, or federal law.

D. The project minimizes adverse impacts to neighboring properties to the greatest extent possible.

E. If in the coastal zone and subject to a coastal development permit, the project enhances coastal resources.

F. The design of the hotel respects the scale and character of neighboring structures and enhances Capitola's unique sense of place.

G. The hotel will contribute to the economic vitality of the Village and support an active, attractive, and engaging pedestrian environment.

H. Hotel siting and design will (a) minimize impacts to public views, including views of the beach and Village from vantage points outside of the Village and from Cliff Avenue and Depot Hill behind the hotel; and (b) not adversely impact any significant public views of the coastline as identified in the LCP's land use plan.

I. Parking for the hotel is provided in a way that minimizes vehicle traffic in the Village, strengthens the Village as a pedestrian-oriented destination, and protects public parking options.

17.90.080 Post-decision procedures.

Post-decision procedures and requirements in Chapter 17.156 (Post-Decision Procedures) shall apply to decisions on incentives for a Village hotel with community benefits.

Chapter 17.74

ACCESSORY DWELLING UNITS

17.74.010 Purpose.

A. This chapter establishes standards for the location and construction of accessory dwelling units (ADUs) consistent with Government Code Sections 66310 through 66342. These standards are intended to allow accessory dwelling units as a form of affordable housing in Capitola while maintaining the character and quality of life of residential neighborhoods.

B. It is the city's intent for this chapter to be consistent with state law as it is amended from time to time. In case of conflict between this chapter and state law, state law governs unless local variation is permitted. (Ord. 1057 § 2 (Att. 1), 2022; Ord. 1043 § 2 (Att. 2), 2020)

17.74.020 Definitions.

Terms used in this chapter are defined as follows. If a definition below conflicts with a definition in Chapter 17.160 (Glossary), the definition below controls.

A. "Accessory dwelling unit" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An accessory dwelling unit also includes an efficiency unit and a manufactured home, as defined in Section 18007 of the Health and Safety Code.

B. "Attached accessory dwelling unit" means an accessory dwelling unit that:

1. Shares at least one common wall with the primary dwelling unit; and
2. Is not fully contained within the existing space of the primary dwelling unit.

C. "Detached accessory dwelling unit" means an accessory dwelling unit that does not share a common wall with the primary dwelling unit and is not an internal accessory dwelling unit.

D. "Internal accessory dwelling unit" means an accessory dwelling unit that is fully contained within the existing space of the primary dwelling unit or an accessory structure.

E. "Junior accessory dwelling unit" means an accessory dwelling unit no more than five hundred square feet of interior livable space in size and contained entirely within a single-family residence. A junior accessory dwelling unit may include separate sanitation facilities, or may share sanitation facilities with the existing structure. For purposes of this definition, attached garages and other enclosed uses within the residence are considered a part of a single-family residence.

F. "Livable space" means a space in a dwelling intended for human habitation, including living, sleeping, eating, cooking, or sanitation.

~~GF.~~ "Multifamily dwelling" means a structure on a single lot with two or more attached dwelling units.

~~FH.~~ "Two-story attached accessory dwelling unit" means an attached accessory dwelling unit that is configured as either:

1. Two stories of living space attached to an existing primary dwelling unit; or
2. Second-story living space above a ground-floor garage or living space in an existing primary dwelling unit.

IG. “Two-story detached accessory dwelling unit” means a detached accessory dwelling unit that is configured as either:

1. Two stories of living space in a single accessory dwelling unit; or
2. Second-story living space above a ground-floor garage or other accessory structure. (Ord. 1057 § 2 (Att. 1), 2022; Ord. 1043 § 2 (Att. 2), 2020)

17.74.030 Permitting process.

A. When Consistent with Standards.

1. Ministerial Approval.

a. Except when a design permit is specifically required by this chapter, an accessory dwelling unit that complies with all standards in this chapter shall be approved ministerially with an administrative permit. No discretionary review or public hearing is required.

b. A building permit application may be submitted concurrently with the administrative permit application.

2. Time Period for City Action.

a. The city shall determine whether an application to create or serve an accessory dwelling unit is complete and provide written notice of this determination to the applicant not later than 15 business days after receiving the application.

b. If the city determines an application is incomplete, the city shall provide the applicant with a list of incomplete items and a description of how the application can be made complete. The list and description shall be provided with the written notice required by Paragraph (a) above.

c. After receiving a notice that the application was incomplete, an applicant may submit to the city additional application materials to cure and address the items that are deemed to be incomplete by the city.

d. In the review of additional application materials submitted pursuant to Paragraph (c) above, the city shall not require the application to include an item that was not included in the list required by paragraph (b) above.

e. If an applicant submits additional application materials pursuant to Paragraph (cd) above, the city shall determine whether the additional materials remedied all incomplete items listed in the determination issued pursuant to Subsection (b) above. The city shall provide written notice of this determination to the applicant not later than 15 business days after receiving the additional materials.

f. If the city does not make a timely determination as required by this subsection, the application shall be deemed to be complete.

g2. If an existing single-family or multifamily dwelling exists on the parcel upon which an accessory dwelling unit is proposed, the city shall either approve or deny an application to create an accessory dwelling unit within sixty days from the date the city receives a completed application. If the applicant requests a delay in writing, the sixty-day time period shall be tolled for the period of the delay.

h4. If the accessory dwelling unit application is submitted with a permit application to create a new single-family or multifamily dwelling on the parcel, the city may delay approving or denying the accessory dwelling unit application until the city approves or denies the permit application for the new single-family

or multifamily dwelling. The accessory dwelling unit shall be considered without discretionary review or hearing.

i. If the city has not approved or denied the completed application within 60 days, the application shall be deemed approved.

3. Comments for Denied Applications.

a3. If the city denies an application for an accessory dwelling unit, the city shall return in writing a full set of comments to the applicant with a list of items that are defective or deficient and a description of how the application can be remedied by the applicant.

b. Written comments required by Paragraph (a) above shall be provided to the applicant not later than 15 business days after the city denies the application.

c. If the city determines an application is incomplete or denies the application, the applicant may appeal the decision to the Planning Commission and may appeal the Planning Commission decision to the City Council. The city shall make a final decision on the appeal not later than 60 business days after receiving the applicant's written appeal.

45. Garage Demolition.

a. A demolition permit for a detached garage that is to be replaced with an accessory dwelling unit shall be reviewed with the application for the accessory dwelling unit and issued at the same time.

b. The applicant shall not be otherwise required to provide written notice or post a placard for the demolition of a detached garage that is to be replaced with an accessory dwelling unit, unless the property is located within an architecturally and historically significant historic district.

B. Two-Story Units.

1. Planning commission approval of a design permit is required for a two-story accessory dwelling unit (attached or detached) with a height greater than the maximum permitted one-story accessory dwelling unit heights in Table 17.74-1.

2. To approve the design permit, the planning commission must make the findings in Section 17.74.110. A two-story accessory dwelling unit must comply with the standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards) unless the planning commission allows a deviation through the design permit process.

C. When Deviating from Standards. An accessory unit that deviates from any standard in Section 17.74.080 (Development standards) or 17.74.090 (Objective design standards) may be allowed with planning commission approval of a design permit. See Section 17.74.100 (Deviation from standards).

D. When Dependent on Separate Construction. When a proposed attached or detached accessory dwelling unit is dependent on the construction of a new building or new portion of a building which is not a part of the accessory dwelling unit ("separate construction") and is not proposed as part of a permit application to create a new single-family dwelling on the parcel, the city shall either:

1. Accept and begin processing the accessory dwelling unit application only after acting on an application for the proposed separate construction; or

2. Upon written request from the applicant, review and act on the accessory dwelling unit together with the separate construction as part of a single application. In this case, the accessory dwelling unit is subject to the same review procedures as the separate construction.

E. Within Coastal Zone.

1. A proposed accessory dwelling unit that is located in the coastal zone may require a coastal development permit (CDP) as specified by Chapter 17.44 (Coastal Overlay Zone) and the findings for approval of a CDP as specified in Section 17.44.130 (Findings for approval).

2. The City may issue a CDP waiver pursuant to Section 17.44.090 (De minimis waiver of a CDP) for a proposed accessory dwelling unit in the coastal zone. The City may issue a CDP waiver for an accessory dwelling unit both within and outside of locations where City decisions are appealable to the Coastal Commission. To be eligible for a CDP waiver, the proposed accessory dwelling unit must comply with all of the following:

a. The accessory dwelling unit complies with all standards in this chapter and may be approved with no public hearing required. b. The accessory dwelling is not located:

i. In an area subject to coastal hazards as defined by Section 17.44.040(F);

ii. Within 200 feet of a cliff edge; or

iii. In an environmentally sensitive habitat area (ESHA) as defined by Section 17.44.040(J), including categorical ESHA areas identified in Section 17.64.020 (Applicability).

c. The accessory dwelling unit would not negatively impact coastal resources, public access, or views consistent with the City's certified Local Coastal Program.

3. A CDP waiver for an accessory dwelling unit shall comply with all requirements in Section 17.44.090 that apply to other types of development with the exception that the City may issue a CDP waiver for an accessory dwelling unit both within and outside of locations where City decisions are appealable to the Coastal Commission.

4. Nothing in this chapter shall be construed to supersede or in any way alter or lessen the effect of application of the California Coastal Act of 1976 (Division 20, commencing with Section 30000, of the Public Resources Code), except that:

a. A public hearing for a CDP application for an accessory dwelling unit is not required as provided in Section 17.74.030(A)(1); and

b. The City may issue a CDP waiver for an accessory dwelling unit as provided in Section 17.74.030(E)(2)

F. Historic Resources.

1. A proposed accessory dwelling unit is subject to the requirements in Chapter 17.84 (Historic Preservation) if all of the following apply:

a. The property is in the coastal zone;

b. The accessory dwelling unit requires a design permit; and

c. The property contains a designated historic resource or potential historic resource as defined in Section 17.84.020 (Types of historic resources).

2. Compliance with Chapter 17.84 is not required for accessory dwelling unit applications that do not meet all criteria in Paragraph 1 above.

G. Correction of Violations. The city shall not deny an application for a permit to create an accessory dwelling unit due to the correction of nonconforming zoning conditions, building code violations, or unpermitted structures that

do not present a threat to public health and safety and are not affected by the construction of the accessory dwelling unit.

H. Unpermitted Accessory Dwelling Units. The following provisions apply to a building permit application for a previously unpermitted accessory dwelling unit or junior accessory dwelling unit that was constructed before January 1, 2020.

1. The city shall not deny a building permit due to the accessory dwelling unit or junior accessory dwelling's violation of building standards or its noncompliance with this section unless the building official or their designee deems the unit substandard pursuant to Section 17920.3 of the Health and Safety Code.

2. The city shall provide the applicant a checklist of the conditions specified in Section 17920.3 of the Health and Safety Code that would deem the unit substandard.

3. Prior to submission of a building permit application, the city shall inform the homeowner that they may obtain a confidential third-party code inspection from a licensed contractor to determine the unit's existing condition or potential scope of building improvements before submitting a permit application.

4. A homeowner applying for a building permit is not required to pay impact fees or connection or capacity charges except when utility infrastructure is required to comply with Section 17920.3 of the Health and Safety Code.

5. Upon receiving a building permit application, the building inspector may inspect the unit for compliance with health and safety standards and provide recommendations to comply with the standards necessary to obtain a building permit. If the building inspector finds noncompliance with health and safety standards, the city shall not penalize the applicant and shall approve necessary permits to correct noncompliance with health and safety standards.

~~1. Except as provided in subsection (H)(2) of this section, the city shall not deny a permit for an unpermitted accessory dwelling unit or junior accessory dwelling unit that was constructed before January 1, 2020, due to either of the following:~~

~~a. The accessory dwelling unit or junior accessory dwelling unit is in violation of building standards pursuant to Article 1 (commencing with Section 17960) of Chapter 5 of Part 1.5 of Division 13 of the Health and Safety Code.~~

~~b. The accessory dwelling unit or junior accessory dwelling unit does not comply with Government Code Sections 66314 through 66332 or this chapter.~~

~~2. The city may deny a permit for an unpermitted accessory dwelling unit or junior accessory dwelling unit that was constructed before January 1, 2020, if the city makes a finding that correcting the violation is necessary to comply with the standards specified in Section 17920.3 of the Health and Safety Code.~~

~~3. This subsection shall not apply to a building that is deemed substandard pursuant to Section 17920.3 of the Health and Safety Code. (Ord. 1057 § 2 (Att. 1), 2022; Ord. 1043 § 2 (Att. 2), 2020)~~

17.74.040 General requirements.

The following requirements apply to all accessory dwelling units:

A. Where Allowed. An accessory dwelling unit is permitted:

1. In any zoning district where single-family or multifamily dwellings are a permitted use; and
2. On any parcel with an existing or proposed single-family or multifamily dwelling.

B. Maximum Number per Parcel. Not more than one accessory dwelling unit is allowed per parcel except as allowed by Sections 17.74.050 (Units subject to limited standards).

C. Residential Mixed Use. If an existing or proposed dwelling unit is on a parcel with a nonresidential use, the dwelling unit is considered a single-family dwelling for the purpose of determining the applicable requirements in this chapter. If two or more existing or proposed attached dwelling units are on a parcel with a nonresidential use, the dwelling units are considered a multifamily dwelling.

D. Utility Connections. Utility connection requirements shall be subject to state law and the serving utility district. Establishing an accessory dwelling unit in conformance with this chapter does not require placing existing overhead utility lines underground.

E. Fire Sprinklers. The city shall not require accessory dwelling units to provide fire sprinklers if sprinklers are not required for the primary residence. Establishing an accessory dwelling unit does not require installing fire sprinklers in the existing primary dwelling.

F. Vacation Rentals Prohibited. Accessory dwelling units may not be used for vacation rentals as defined in Chapter 17.160 (Glossary), and notwithstanding any other provision to the contrary, rental of an accessory dwelling unit shall be for a term longer than 30 days.

G. Separate Sale from Primary Dwelling. An accessory dwelling unit shall not be sold or conveyed separately from the primary dwelling except as provided in Government Code Section 66341.

H. Guaranteed Allowance.

1. Maximum building coverage, floor area ratio, front setbacks, private open space standards in Section 17.74.080 (Development standards) and privacy impact standards in 17.74.090.B (Privacy Impacts) shall not prohibit an accessory dwelling unit with up to eight hundred square feet of ~~floor area~~ interior livable space, and four-foot side and rear yard setbacks, provided the accessory dwelling unit complies with all other applicable standards. The guaranteed allowance of eight hundred square feet of floor area is in addition to the maximum floor area of a property.

2. An accessory dwelling unit may deviate from a building coverage, floor area ratio, front setbacks, or private open space standard no more than the minimum necessary to allow for eight hundred square feet of floor area.

I. Converting and Replacing Existing Structures.

1. An internal accessory dwelling unit may be constructed regardless of whether it conforms to the current zoning requirement for building separation or setbacks.

2. If an existing structure is demolished and replaced with an accessory dwelling unit, an accessory dwelling unit may be constructed in the same location and to the same dimensions as the demolished structure.

3. If any portion of an existing structure crosses a property line (excluding attached dwelling units bisected by a property line along the common wall), the structure may not be converted to or replaced with an accessory dwelling unit. For an existing structure within four feet of a property line, the applicant must submit a survey demonstrating that the structure does not cross the property line.

J. Manufactured Homes and Mobile Units.

1. A manufactured home, as defined in California Health and Safety Code Section 18007, is allowed as an accessory dwelling unit. Pursuant to California Health and Safety Code Section 18007, as may be amended from time to time, a manufactured home must:

- a. Be built on a permanent chassis;
- b. Be designed for use as a single-family dwelling with or without a foundation when connected to the required utilities; and
- c. Include the plumbing, heating, air conditioning, and electrical systems contained within the home.

2. Vehicles and trailers, with or without wheels, which do not meet the definition of a manufactured home, are prohibited as accessory dwelling units.
3. A prefabricated or modular home is allowed as an accessory dwelling unit.

K. Junior Accessory Dwelling Units.

1. General. Junior accessory dwelling units shall ~~comply with all~~ be subject to the same standards and permitting requirements ~~procedures as accessory dwelling units described~~ in this chapter unless otherwise indicated.
2. Occupancy.
 - a. If the JADU has shared sanitation facilities with the existing structure, ~~The~~ property owner must occupy either the primary dwelling unit or the junior accessory dwelling unit on the property
 - b. Owner-occupancy is not required if the JADU has separate sanitation facilities or unless if the property is owned by a governmental agency, land trust, or housing organization, ~~in which case owner occupancy is not required.~~
3. Sanitation Facilities.
 - a. A junior accessory dwelling unit may include sanitation facilities, or may share sanitation facilities with the primary dwelling.
 - b. If a junior accessory dwelling unit does not include a separate bathroom, the junior accessory dwelling unit shall include a separate entrance from the main entrance to the structure, with an interior entry to the main living area.
4. Kitchen. A junior accessory dwelling unit must include, at a minimum:
 - a. A cooking facility with appliances; and
 - b. At least three linear feet of food preparation counter space and three linear feet of cabinet space.

L. Pursuant to the authority provided by Section 65852.21(f) of the Government Code, no accessory dwelling unit or junior accessory dwelling unit shall be permitted on any lot in a single-family zoning district if: (1) an urban lot split has been approved pursuant to Chapter 16.78 of this code; and (2) an SB 9 residential development with two units on each lot has been approved for construction pursuant to Chapter 17.75 of this code. (Ord. 1057 § 2 (Att. 1), 2022; Ord. 1052 § 4, 2022; Ord. 1043 § 2 (Att. 2), 2020)

17.74.050 Units subject to limited standards.

The city shall ministerially approve an application for a building permit within a residential or mixed use zoning district to create any of the following types of accessory dwelling units. For each type of accessory dwelling unit, the city shall require compliance only with the development standards in this subsection. Standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards) do not apply to these types of accessory dwelling units. Accessory dwelling units subject to limited standards may be combined on a single parcel as allowed by the site and lot conditions.

A. Internal Accessory Dwelling Units. One internal accessory dwelling unit and one junior accessory dwelling unit per parcel with a proposed or existing single-family dwelling if all of the following apply:

1. The internal accessory dwelling unit or junior accessory dwelling unit is within the proposed space of a single-family dwelling or existing space of a single-family dwelling or accessory structure and may include an expansion of not more than one hundred fifty square feet beyond the same physical dimensions as the existing

accessory structure. An expansion beyond the physical dimensions of the second story of an existing accessory structure shall be limited to accommodating ingress and egress.

2. The unit has exterior access from the proposed or existing single-family dwelling.
3. The side and rear setbacks are sufficient for fire and safety.
4. The junior accessory dwelling unit complies with Government Code Sections 66333 through 66339.

B. Detached Accessory Dwelling Units Eight Hundred Square Feet or Less. One detached accessory dwelling unit for a parcel with a proposed or existing single-family dwelling. ~~The detached accessory dwelling unit may be combined with a junior accessory dwelling unit described in subsection A of this section (Internal Accessory Dwelling Units).~~ The accessory dwelling unit must comply with the following:

1. Minimum rear and side setbacks: four feet.
2. Maximum floor area: eight hundred square feet of livable space.
3. Maximum height: sixteen feet or as allowed by Government Code Section 66321(b)(4).

C. Nonlivable Multifamily Space. One or more internal accessory dwelling units within the portions of existing multifamily dwelling structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, subject to the following:

1. At least one accessory dwelling unit is allowed within an existing multifamily dwelling up to a maximum of twenty-five percent of the existing multifamily dwelling units; and
2. Each unit shall comply with state building standards for dwellings.

D. Detached Accessory Dwelling Units on Multifamily Parcels.

1. Up to two detached accessory dwelling units are allowed on a lot with a proposed multifamily dwelling. On a lot with an existing multifamily dwelling, up to eight detached accessory dwelling units are allowed, not to exceed the number of existing units on the lot. The accessory dwelling units must comply with the following:

- a. Maximum height: sixteen feet or as allowed by Government Code Section 66321(b)(4).
- b. Minimum rear and side setbacks: four feet.

2. If the existing multifamily dwelling has a rear or side setback of less than four feet, the city shall not require any modification of the existing multifamily dwelling as a condition of approving the application to construct an accessory dwelling unit that satisfies the requirements of this subsection. (Ord. 1057 § 2 (Att. 1), 2022; Ord. 1043 § 2 (Att. 2), 2020)

17.74.060 Units subject to full review standards.

The city shall ministerially approve an application for a building permit to create the following types of accessory dwelling units:

A. Attached Accessory Dwelling Units. An attached accessory dwelling unit in compliance with standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards) with a height eligible for ministerial approval as specified in Table 17.74-1.

B. Detached Accessory Dwelling Units Between Eight Hundred and One Thousand Two Hundred Square Feet. A detached accessory dwelling unit with a floor area between eight hundred and one thousand two hundred square feet in compliance with standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards) with a height eligible for ministerial approval as specified in Table 17.74-1. (Ord. 1043 § 2 (Att. 2), 2020)

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17.74.070 Units requiring a design permit.

The following types of accessory dwelling units require planning commission approval of a design permit:

A. Accessory Dwelling Units – Additional Height Allowance. A detached accessory dwelling unit in compliance with standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards) with a height that requires design review as specified in Table 17.74-1.

B. Accessory Dwelling Units Deviating from Standards. Any accessory dwelling unit that deviates from one or more standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards), except for accessory dwelling units approved pursuant to Section 17.74.050 (Units subject to limited standards). (Ord. 1043 § 2 (Att. 2), 2020)

17.74.080 Development standards.

The standards in this section apply to all accessory dwelling units not approved pursuant to Section 17.74.050 (Units subject to limited standards).

A. General. Table 17.74-1 shows development standards that apply to accessory dwelling units.

Table 17.74-1: Development Standards

ADU Type/Location	Standard
Unit Size, Maximum [1]	
Attached ADU, one bedroom or less	50 percent of the existing primary dwelling or 850 sq. ft., whichever is greater
Attached ADU, more than one bedroom	50 percent of the existing primary dwelling or 1,000 sq. ft., whichever is greater
Detached ADU	1,200 sq. ft.
Internal ADU	No maximum
Junior ADU	500 sq. ft.
Floor Area Ratio, Maximum [24]	As required by zoning district [32]
Setbacks, Minimum [43,54]	
Front	Same as primary dwelling [65]
Interior Side, 1st and 2nd Story	4 ft.
Exterior Side, 1st and 2nd Story	4 ft.
Rear, 1st and 2nd Story	4 ft.
Building Coverage, Maximum	
R-M zoning district	40% [32]
All other zoning districts	No maximum
Height, Maximum [43]	
Attached ADU	25 ft. or maximum permitted in zoning district, whichever is less
Detached ADU – Ministerial Approval	16 ft. [98] [109]
Detached ADU – With Design Permit	22 ft.

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ADU Type/Location	Standard
Private Open Space, Minimum [87]	48 sq. ft. [32]

Notes:

[1] Calculated as interior livable space.

[24] Calculated as the total floor area ratio on the site, including both the primary dwelling and accessory dwelling unit. An applicant may request simultaneous approval of a new internal accessory dwelling unit and an addition to the primary residence as part of a single application.

[32] Standard may not prohibit an accessory dwelling unit with at least eight hundred square feet of floor area. See Section 17.74.040(H) (Guaranteed Allowance).

[43] Setback and height standards apply only to attached and detached accessory dwelling units. Standards do not apply to internal or junior accessory dwelling units.

[54] See also Section 17.74.040(I) (Converting and Replacing Existing Structures) for setback exceptions that apply to an accessory dwelling unit created by converting or replacing an existing structure.

[65] See also subsection B of this section (Front Setbacks) and Section 17.74.040.H.

[76] A two-story detached accessory dwelling unit greater than sixteen feet in height requires a design permit.

[87] Private open space may include screened terraces, decks, balconies, and other similar areas.

[98] A maximum height of 18 feet is allowed for a detached accessory dwelling unit on a lot with an existing or proposed single family dwelling unit that is within one-half of one mile walking distance of a major transit stop or a high-quality transit corridor, as those terms are defined in Section 21155 of the Public Resources Code. An additional 2 feet in height is allowed to accommodate a roof pitch on the accessory dwelling unit that is aligned with the roof pitch of the primary dwelling unit.

[109] A maximum height of 18 feet is allowed for a detached accessory dwelling unit on a lot with an existing or proposed multifamily, multistory dwelling.

B. Front Setbacks.

1. Any increased front setback requirement that applies to a garage associated with a primary dwelling unit also applies to a garage that serves an accessory dwelling unit, except that increased front setback requirements do not apply to an accessory dwelling unit created by converting or replacing an existing structure.
2. In the R-1 zoning district, front setback exceptions in Riverview Terrace and on Wharf Road as allowed in Section 17.16.030(B) apply to accessory dwelling units.
3. In the mixed use zoning districts, minimum front setbacks in Chapter 17.20 (Mixed Use Zoning Districts) apply to accessory dwelling units. Maximum setbacks or build-to requirements do not apply.

C. Parking.

1. All Areas. The following parking provisions apply to accessory dwelling units in all areas in Capitola:
 - a. Required Parking in Addition to Primary Residence. Parking spaces required for an accessory dwelling unit are in addition to parking required for the primary residence.
 - b. Tandem Spaces. Required off-street parking may be provided as tandem parking on an existing driveway.
 - c. Within Setback Areas.
 - i. Required off-street parking may be located within minimum required setback areas from front, side, and rear property lines.
 - ii. A parking space in a required front setback area shall be a “ribbon” or “Hollywood” design with two parallel strips of pavement. The paving strips shall be no wider than two and one-half feet each and shall utilize permeable paving such as porous concrete/asphalt, open-jointed pavers, and turf grids. Unpaved areas between the strips shall be landscaped with turf or low-growing ground cover.
 - d. Alley-Accessed Parking. Parking accessed from an alley shall maintain a twenty-four-foot back-out area, which may include the alley.

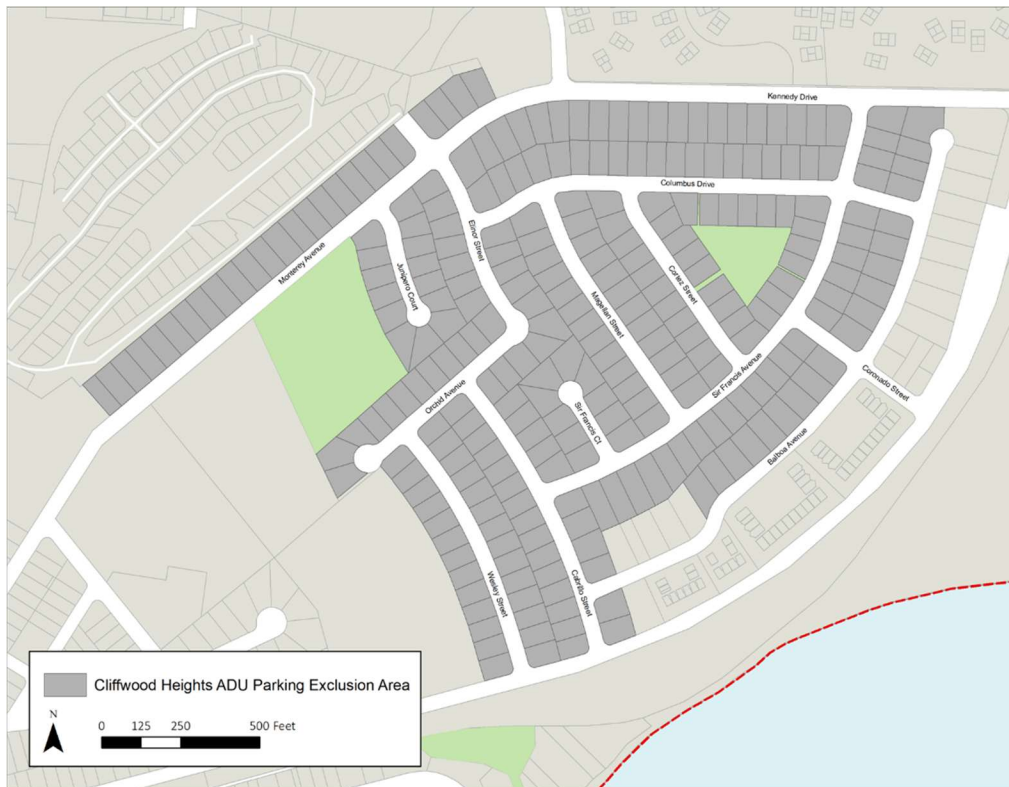
2. Outside of Coastal Zone or in Cliffwood Heights. The following parking provisions apply only to accessory dwelling units outside of the coastal zone and in the Cliffwood Heights neighborhood as shown in Figure 17.74-1.

- a. No additional parking is required for an internal or junior accessory dwelling unit. The floor area of an internal or junior accessory dwelling unit shall not be included in the parking calculation for the primary residence.
- b. One off-street parking space is required for an attached or detached accessory dwelling unit, except as provided in subsection (C)(2)(c) of this section.
- c. No off-street parking is required for an accessory dwelling unit in the following cases:
 - i. The accessory dwelling unit is located within one-half mile walking distance of public transit, as defined in Government Code Section 66313(m).
 - ii. The accessory dwelling unit is located within a National Register Historic District or other historic district officially designated by the city council.
 - iii. The accessory dwelling unit is part of the proposed or existing primary residence or an accessory structure.
 - iv. When on-street parking permits are required but not offered to the occupant of the accessory dwelling unit.
 - v. When there is a car share vehicle pick-up/drop-off location within one block of the accessory dwelling unit.
 - vi. When a permit application for an accessory dwelling unit is submitted with a permit application to create a new single-family dwelling or a new multifamily dwelling on the same lot, provided that the accessory dwelling unit or the parcel satisfies any other criteria listed above.
- d. When a garage, carport, covered parking structure, or uncovered parking space is demolished in conjunction with the construction of an accessory dwelling unit or converted to an accessory dwelling unit, replacement parking stalls are not required for the demolished or converted parking structure.

3. Within Coastal Zone and Outside Cliffwood Heights. The following parking provisions apply only to accessory dwelling units in the coastal zone and outside of the Cliffwood Heights neighborhood as shown in Figure 17.74-1 in accordance with the city's adopted local coastal program.

- a. One off-street parking space is required for any type of accessory dwelling unit except as provided in subsection (C)(3)(b) of this section.
- b. Where the primary residence is served by three or more existing off-street parking spaces, including spaces in a tandem configuration, no off-street parking is required for the accessory dwelling unit.
- c. When a garage, carport, or covered parking structure is demolished in conjunction with the construction of an accessory dwelling unit or converted to an accessory dwelling unit, replacement parking stalls are required for the demolished or converted parking structure. Replacement parking space(s) may be covered or uncovered. Replacement parking does not satisfy the one off-street parking requirement for the accessory dwelling unit in subsection (C)(3)(a) of this section.

Figure 17.74-1: Cliffwood Heights ADU Parking Exclusion Area



(Ord. 1057 § 2 (Att. 1), 2022; Ord. 1043 § 2 (Att. 2), 2020)

17.74.090 Objective design standards.

The standards in this section apply to all accessory dwelling units not approved pursuant to Section 17.74.050 (Units subject to limited standards).

A. Entrance Orientation – Detached ADU. The primary entrance to a detached accessory dwelling unit shall face the front or interior of the parcel unless the accessory dwelling unit is directly accessible from an alley or a public street.

B. Privacy Impacts. To minimize privacy impacts on adjacent properties, the following requirements apply to walls with windows within eight feet of an interior side or rear property line abutting a residential use:

1. For a single-story wall or the first story of a two-story wall, privacy impacts shall be minimized by either:

- a. A six-foot solid fence on the property line; or
- b. Clerestory or opaque windows for all windows facing the adjacent property.

2. For a second-story wall, all windows facing the adjacent property shall be clerestory or opaque.

C. Second-Story Decks and Balconies. Second-story decks and balconies proposed as part of an accessory dwelling unit that requires a design permit shall be located and designed to minimize privacy impacts on adjacent residential properties, as determined by the planning commission through the design permit approval process.

D. Architectural Details. Table 17.74-2 shows architectural detail standards for accessory dwelling units.

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Table 17.74-2: Architectural Detail Standards

	Non-historic property in the coastal zones and all properties outside the coastal zone [1]		Historic property in the coastal zone [1]	
	Attached ADU	Detached ADU	Attached ADU	Detached ADU
Primary Exterior Materials [2]	Same as primary dwelling [3]	No requirement	Same as primary dwelling; or horizontal wood, fiber cement, or board and batten siding or shingles [3]	Horizontal wood, fiber cement, or board and batten siding, or shingles [4]
Window and Door Materials	No requirement		Wood, composite, pre-finished metal with a nonreflective finish	
Window Proportions	No requirement		Windows must be taller than they are wide or match the proportions of the primary dwelling window [5]	
Window Pane Divisions	No requirement		True or simulated divided lights	
Roof Material	Same as primary dwelling [3]	No requirement	Same as primary dwelling [3]	Same as primary dwelling; or architectural composition shingles, clay tile, slate, or nonreflective standing seam metal [3]
Roof Pitch	No requirement	4:12 or greater [6]	No requirement	4:12 or greater [6]
Exterior Preservation	No requirement	No requirement	See 17.74.090.E.1	No requirement

Notes:

[1] “Historic property” means a designated historic resource or potential historic resource as defined in Section 17.84.020 (Types of historic resources).

[2] Standard does not apply to secondary and accent materials.

[3] “Same as primary dwelling” means the type of material must be the same as the primary dwelling. The size, shape, dimensions, and configuration of individual pieces or elements of the material may differ from the primary dwelling.

[4] If primary dwelling is predominantly stucco, stucco is allowed for the accessory dwelling unit.

[5] Bathroom windows may be horizontally oriented.

[6] If the primary dwelling has a roof pitch shallower than 4:12, the accessory dwelling unit roof pitch may match the primary dwelling.

E. Building Additions to Historic Structures. The following standards apply in the coastal zone to an ADU attached to a designated historic resource or potential historic resource as defined in Section 17.84.020 (Types of historic resources).

1. The attached ADU may not obscure, damage, or destroy the exterior of a historic structure on its historically significant building face(s), including associated roofline(s).
2. Historically significant building face means any character-defining building elevation which abuts a street or public access easement. A structure may have more than one historically significant face.
3. Preservation requirements extend to all associated elements of a character-defining building face including, but not limited to, porches, windows, doors, trim, and cladding.

17.74.100 Deviation from standards.

A. When Allowed. The planning commission may approve an accessory dwelling unit that deviates from one or more standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards).

B. Permit Required. Deviations allowed under this section require planning commission approval of a design permit. A variance is not required. To approve the design permit, the planning commission must make the findings in Section 17.74.110 (Findings). (Ord. 1043 § 2 (Att. 2), 2020)

17.74.110 Findings.

A. When Required. The planning commission must make the findings in this section to approve a design permit for:

1. Detached accessory dwelling units with a height that requires design review as specified in Table 17.74-1.; and
2. Accessory dwelling units that deviate from one or more standards in Sections 17.74.080 (Development standards) and 17.74.090 (Objective design standards), except for accessory dwelling units approved pursuant to Section 17.74.050 (Units subject to limited standards).

B. Findings. To approve the design permit, the planning commission shall find that:

1. The exterior design of the accessory dwelling unit is compatible with the primary dwelling on the parcel through architectural use of building forms, height, construction materials, colors, landscaping, and other methods that conform to acceptable construction practices.
2. The exterior design is in harmony with, and maintains the scale of, the neighborhood.
3. The accessory dwelling unit will not create excessive noise, traffic, or parking congestion.
4. The accessory dwelling unit has or will have access to adequate water and sewer service as determined by the applicable service provider.
5. Adequate open space and landscaping have been provided that are usable for both the accessory dwelling unit and the primary residence. Open space and landscaping provide for privacy and screening of adjacent properties.
6. The location and design of the accessory dwelling unit maintain a compatible relationship to adjacent properties and do not significantly impact the privacy, light, air, solar access, or parking of adjacent properties.
7. The accessory dwelling unit generally limits the major access stairs, decks, entry doors, and major windows to the walls facing the primary residence, or to the alley if applicable. Windows that impact the privacy of the neighboring side or rear yard have been minimized. The design of the accessory dwelling unit complements the design of the primary residence and does not visually dominate it or the surrounding properties.
8. The site plan is consistent with physical development policies of the general plan, any area plan or specific plan, or other city policy for physical development. If located in the coastal zone, the site plan is consistent with policies of the local coastal plan. If located in the coastal zone and subject to a coastal development permit, the proposed development will not have adverse impacts on coastal resources.
9. The project would not impair public views along the ocean and of scenic coastal areas. Where appropriate and feasible, the site plan restores and enhances the visual quality of visually degraded areas.
10. The project deviation (if applicable) is necessary due to special circumstances applicable to subject property, including size, shape, topography, location, existing structures, or surroundings, and the strict application of this chapter would deprive subject property of privileges enjoyed by other properties in the vicinity and under identical zoning classification. (Ord. 1043 § 2 (Att. 2), 2020)

17.74.120 Deed restrictions.

A. Prior to issuing a certificate of occupancy for a junior accessory dwelling unit, the property owner shall file with the county recorder a declaration of restrictions containing a reference to the deed under which the property was acquired by the current owner. The deed restriction shall state that:

1. The junior accessory dwelling unit may not be used for vacation rentals as defined in Chapter 17.160 (Glossary).
2. The junior accessory dwelling unit may not be sold separately from the primary dwelling.
3. Restrictions on size, owner occupancy requirement, and attributes in conformance with this chapter.

EXHIBIT B

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B. The above declarations are binding upon any successor in ownership of the property. Lack of compliance shall be cause for code enforcement and/or revoking the city's approval of the junior accessory dwelling unit.

C. The deed restriction shall lapse upon removal of the junior accessory dwelling unit. (Ord. 1043 § 2 (Att. 2), 2020)

17.74.130 Incentives.

A. Fee Waivers for Affordable Units.

1. The city may waive development fees for accessory dwelling units that will be rented at levels affordable to low- or very low-income households.
2. Applicants of affordable accessory dwelling units shall record a deed restriction limiting the rent to low- or very low-income levels prior to issuance of a building permit.
3. Landlords of accessory dwelling units shall be relieved of any affordability condition upon payment of fees in the amount previously waived as a result of affordability requirements, subject to an annual Consumer Price Index increase commencing with the date of application for building permit.

B. Historic Properties. The planning commission may allow exceptions to design and development standards for accessory dwelling units proposed on a property that contains a historic resource as defined in Chapter 17.84 (Historic Preservation). To allow such an exception, the planning commission shall approve a design permit and find that the exception is necessary to preserve the architectural character of the primary residence. (Ord. 1043 § 2 (Att. 2), 2020)

Chapter 9.08**~~TATTOO ESTABLISHMENTS~~****Sections:****~~9.08.010 Prohibited.~~****~~9.08.020 Definitions.~~****~~9.08.030 Exception.~~****~~9.08.040 Penalty for violation.~~****9.08.010 Prohibited.**

It is unlawful to maintain or conduct a tattoo establishment or to maintain and conduct a tattooing business in the city. (Ord. 174 § 1, 1962)

9.08.020 Definitions.

A. "Tattoo establishment" is defined as an establishment or business located on any premises in the city in which the business of tattooing is undertaken by any person, firm or corporation.

B. As used in this chapter, to "tattoo" means to insert pigment under the surface of the skin of a human being, by pricking with a needle or otherwise, so as to produce an indelible mark or figure visible through the skin. (Ord. 174 § 2, 1962)

9.08.030 Exception.

This chapter is not intended to apply to any act of a licensed practitioner of the healing arts performed in the course of his or her practice. (Ord. 174 § 3, 1962)

9.08.040 Penalty for violation.

The violation of any provision of this chapter shall constitute a misdemeanor punishable by a fine of five hundred dollars or six months in jail, or both; and in addition, all such violations shall constitute and be deemed a public nuisance subject to abatement pursuant to the provisions of the California Code of Civil Procedure. (Ord. 174 § 4, 1962)

17.20.020 Land use regulations.

A. Permitted Land Uses. Table 17.20-1 identifies land uses permitted in the mixed use zoning districts.

Table 17.20-1: Permitted Land Uses in the Mixed Use Zoning Districts

Key		Zoning District		
P	Permitted Use			
A	Administrative Permit required			
M	Minor Use Permit required			
C	Conditional Use Permit required			
–	Use not allowed	MU-V	MU-N	Additional Regulations

EXHIBIT C

Item 8 C.

Residential Uses [7]			Section 17.20.020(B), (C) and (E)
Duplex Homes	-/P [1]	P	
Elderly and Long-Term Care	C [2] [6]	C	
Group Housing	C [2] [6]	C	
Multifamily Dwellings	-/P [1] [6]	C	
Residential Care Facilities, Small and Large	See Section 17.20.020(F)		
Residential Care Facilities, Large	P [2] [6]	C	Section 17.96.080
Residential Mixed Use	See Sections 17.20.020(D) and (E) [6]	C	
Accessory Dwelling Units	A	A	Chapter 17.74
Single-Family Dwellings	-/P [1]	P	
Public and Quasi-Public Uses			
Community Assembly	C	C	
Cultural Institutions	C	C	
Day Care Centers	M	M	
Government Offices	P/C [4]	M [5]	
Home Day Care	P	P	
Medical Offices and Clinics	-	M [5]	
Parks and Recreational Facilities	C	C	
Public Pathways and Coastal Accessways	C	C	
Public Safety Facilities	C	C	
Schools, Public or Private	-	C	
Commercial Uses			Section 17.20.020(E)
Alcoholic Beverage Sales	C	C	
Banks and Financial Institutions	C	P/C [3] [5]	
<u>Body Art Studios</u>	<u>C</u>	<u>-</u>	<u>Section 17.96.080</u>
Commercial Entertainment and Recreation	C	C	
Eating and Drinking Places			
Bars and Lounges	C	C	
Restaurants and Cafes	C	C	

EXHIBIT C

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Take-Out Food and Beverage	M	M	
Gas and Service Stations	–	–	
Lodging			
Bed and Breakfast	C	C	
Hotels and Motels	C	C	
Personal Services	P	P/C [3] [5]	
Professional Offices	P/C [4]	M [5]	
Retail	P	P/C [3] [5]	
Vacation Rental	See Section 17.40.030		
Transportation, Communication, and Utility Uses			
Utilities, Major	C	C	
Utilities, Minor	P	P	
Wireless Communications Facilities	See Chapter 17.104		
Other Uses			
Accessory Uses and Structures	See Chapter 17.52		Chapter 17.52
Home Occupations	P	P	Section 17.96.040
Permanent Outdoor Display (Accessory Use)	–	C	Section 17.96.100
Temporary Uses and Structures	See Section 17.96.180		
Urban Agriculture			
Home Gardens	P	P	
Community Gardens	M	M	

17.24.020 Land use regulations (effective outside coastal zone).

A. Permitted Land Uses. Table 17.24-1 identifies land uses permitted in the commercial and industrial zoning districts. The city council may approve a use not listed in Table 17.24-1 after receiving a recommendation from the planning commission and finding the use to be consistent with the general plan and the purpose of the zoning district.

Table 17.24-1: Permitted Land Uses in Commercial and Industrial Zoning Districts

EXHIBIT C

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Key		Zoning District			
P	Permitted Use	C-C	C-R	I	Additional Requirements
A	Administrative Permit required				
M	Minor Use Permit required				
C	Conditional Use Permit required				
–	Use not allowed				
Residential Uses [12]					
Single-Family Dwellings		–	–	–	
Multifamily Dwellings		C [9]	C [9]	–	
Residential Mixed Use		C	C [7]	–	Section 17.24.040
Large Residential Care Facilities		C [9]	C [9]	–	
Accessory Dwelling Unit		A	A		Chapter 17.74
Public and Quasi-Public Uses					
Colleges and Trade Schools		C	C	C	
Community Assembly		C	C	–	
Cultural Institutions		C	C	–	
Day Care Centers		M	M	–	
Emergency Shelters		P	–	P	Section 17.96.030
Government Offices		See 17.24.020(C)		C	
Home Day Care		P	P	P	
Medical Offices and Clinics		See 17.24.020(C)		–	
Public Paths and Coastal Accessways		C	C	C	
Public Safety Facilities		C	C	C	
Commercial Uses					
Alcoholic Beverage Sales		C	C	C	
Banks		P [2]	P [2]	–	
Body Art Studios		C	C	–	Section 17.96.080
Car Wash		C	C		
Financial Institutions		See 17.24.020(C)		–	

EXHIBIT C

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Business Services	P [2]	P [2]	P	
Commercial Entertainment and Recreation	M	M	–	
Drive-Through Facilities	–	C [4]	–	
Eating and Drinking Establishments				
Bars and Lounges	C	C	C	
Mobile Food Vendors	–	A [6]/C	A [6]/C	
Restaurants and Cafes	M [2]	M [2]	C	
Take-Out Food and Beverage	M [2]	M [2]	–	
Food Preparation	M [2]	–	P	
Gas and Service Stations	C	C	–	
Liquor Stores	C	C	–	
Lodging				
Bed and Breakfast	C	–	–	
Hotel	C	C	–	
Maintenance and Repair Services	M	C	P	
Personal Services	P [1]	P [1]	–	
Professional Offices	See 17.24.020(C)		P	
Salvage and Wrecking	–	–	P	
Self-Storage	C	–	C	Section 17.96.140
Retail	P [11]	P [11]	–	
Retail Cannabis Establishment	C [10]	C [10]		Section 17.24.020(D)
Vehicle Repair	C	C	P	
Vehicle Sales and Rental	C [5]	C [5]	–	
Vehicle Sales Display Room [8]	P	P	–	
Wholesaling	–	M [3]	P	
Heavy Commercial and Industrial Uses				
Construction and Material Yards	–	–	P	
Custom Manufacturing	M	M	P	
Light Manufacturing	–	–	P	

EXHIBIT C

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Warehousing and Distribution	–	–	P	
Transportation, Communication, and Utility Uses				
Utilities, Major	–	C	C	
Utilities, Minor	P	P	P	
Recycling Collection Facilities	C	C	C	Section 17.96.130
Wireless Communications Facilities	See Chapter 17.104			
Other Uses				
Accessory Uses	See Chapter 17.52			
Home Occupations	P	P	–	Section 17.96.040
Permanent Outdoor Display	C	C	C	Section 17.96.100
Temporary Uses	See Section 17.96.180			
Urban Agriculture				
Home Garden	P	P	–	
Community Garden	M	M	–	

17.96.080 Body art studios.

- A. **Where Permitted.** Body art studios are permitted in the C-C, C-R, and MU-V zoning districts, subject to approval of a conditional use permit and compliance with the standards in this section.
- B. **Maximum Number.**
 1. The maximum number of body art studios permitted in each zoning district at any given time is:
 - a. Two total in the C-C and C-R zoning districts; and
 - b. One in the MU-V zoning district.
 2. A body art studio counts toward the maximum number allowed when the City receives a conditional use permit application with the materials required by subsection (C)(2) of this section. The City will not accept additional body art studio applications for processing if the application would exceed the maximum number allowed by this subsection.
 3. Applications that are withdrawn, denied, or expire prior to permit approval shall no longer count toward the maximum number allowed.
- C. **City Permit.**
 1. A body art studio requires planning commission approval of a conditional use permit.
 2. Applications shall include all information and materials required for a conditional use permit and the City's administrative policy for body art studios:
 3. During the first 30 days following the effective date of the ordinance establishing this section, the City will accept body art studio applications during an initial application period.
 4. If the number of complete applications received during the initial application period exceeds the maximum number allowed in a zoning district pursuant to subsection B of this section, the City will conduct a random lottery, consistent with the City's administrative policy for body art studios, to determine which applications may proceed to conditional use permit review.

5. Following the initial application period, the City will accept applications on a first-submitted basis, subject to the maximum number allowed by subsection B of this section.
- D. **County Permits and Registrations.** A body art studio operator shall obtain and maintain all permits and registrations required by the California Safe Body Art Act and Santa Cruz County Environmental Health Division.
- E. **Commencement of Operations.**
 1. Notwithstanding Section 17.156.080, a body art studio conditional use permit shall expire and become void if the body art studio has not obtained a City business license and commenced operations within twelve months of permit approval.
 2. Upon expiration, revocation, or abandonment of a body art studio conditional use permit, the body art studio shall no longer count toward the maximum number allowed by subsection B.
- F. **Standards.**
 1. **Hours of Operation.** No body art procedures shall occur between 10:00 p.m. and 6:00 a.m.
 2. **Minimum Separation.**
 - a. Body art studios shall not be located within a path of travel of 1,000 feet from a public or private K-12 school or a place of religious assembly, measured following the shortest path of travel along a public right-of-way from the property line of the parcel containing the body art studio parcel to the parcel containing the school or religious assembly use.
 - b. Body art studios shall not be located within a path of travel of 500 feet of another body art studio, measured from the body art studio tenant space on a multi-tenant property or the structure for a single-tenant property.
 3. **Visibility of Procedures.**
 - a. Body art procedures shall not be conducted in a manner visible from a public street, sidewalk, park, or other public area.
 - b. Screening shall be accomplished through interior partitions or other methods that maintain compliance with applicable ground-floor building transparency requirements.
 4. **Indoor Procedures.** All body art procedures shall occur within an enclosed building.
 5. **Alcohol.** Alcohol consumption shall be prohibited within the facility.
 6. **Age Restrictions.** Persons under 18 years of age are prohibited on the premises unless accompanied by a parent or legal guardian.
 7. **Temporary/Mobile Facilities.** Temporary or mobile body art facilities and body art events are prohibited.

17.160 Glossary

Body art studio. A facility, as defined by the California Safe Body Art Act (California Health and Safety Code Section 119300 et seq.), where one or more persons engage in the business of performing body art, including tattooing, body piercing, branding, or other body art practices regulated by the Act.

Temporary or Mobile Body Art Facility. A body art facility that is operated on a temporary basis, including at fairs, festivals, conventions, special events, or similar venues, or that is operated from a vehicle, trailer, portable structure, or other movable location rather than a permanently established body art studio.



CITY OF CAPITOLA
ADMINISTRATIVE POLICY
BODY ART STUDIO LOTTERY

Item 8 C.

Effective Date: _____
Adopted By: _____

1. Purpose

This policy establishes the process for selecting body art studios when more applications are received than the number of studios allowed by the Capitola Municipal Code. This policy is intended to implement Capitola Municipal Code Section 17.96.080, Body Art Studios, and does not replace or modify the requirements of the Municipal Code.

2. Number of Body Art Studios

A maximum of three body art studios may operate in the City at any given time:

- One in the Mixed Use Village (MU-V) zoning district; and
- Two in the Regional Commercial (C-R) and Community Commercial (C-C) zoning districts combined.

3. Application to Participate in the Lottery

During the initial application period established by Municipal Code Section 17.96.080, an applicant wishing to participate in the lottery must submit:

1. A completed City lottery application on the form approved by the Community Development Director;
2. A \$3,000 deposit; and
3. The applicant's preference for:
 - MU-V, or
 - C-R/C-C.

An applicant may identify only one zoning district preference. If not selected for the preferred location, the applicant will be added to the pool for the third lottery.

The deposit is required to participate in the lottery. If selected, the deposit will be applied toward the future conditional use permit. If not selected, the deposit, will be refunded to the applicant, less \$250 for cost associated with administering the lottery. If a lottery is not held due to lack of applications, the \$250 will not be charged.

4. Lottery Process

If more complete applications are received than the number of available body art studio locations, the City will conduct a random lottery.

The lottery will be conducted in the following order:

First Lottery – MU-V

1. All applicants requesting an MU-V location will be entered into the first lottery.
2. The first selected applicant will receive the opportunity to proceed with a body art studio in the MU-V zoning district.
3. If there are no MU-V applicants, the MU-V location will be open to all applicants in the Fourth lottery.

Second Lottery – C-R/C-C

1. All applicants requesting a C-R/C-C location will be entered into the second lottery.



CITY OF CAPITOLA
ADMINISTRATIVE POLICY
BODY ART STUDIO LOTTERY

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Effective Date: _____
Adopted By: _____

2. The first two selected applicants will receive the opportunity to proceed with body art studios in the C-R/C-C zoning districts.

Third Lottery – Remaining C-R/C-C Opportunity

1. All remaining applicant not previously selected will be included in a third lottery for any remaining C-R/C-C opportunity.
2. The second two selected applicants will receive the opportunity to proceed with body art studios in the C-R/C-C zoning districts.

Fourth Lottery – Remaining MU-V Opportunity

1. If there were no applicants having a preference for the MU-V District, the MU-V lottery will open to all remaining applicants not previously selected.

5. Selection Does Not Guarantee a Location

Being selected in the lottery does not approve a particular location or guarantee approval of a conditional use permit.

A selected applicant must identify a proposed location that meets all applicable City requirements, including the zoning requirements for body art studios.

The applicant remains responsible for obtaining all required City and County approvals.

6. One Year Requirement

A selected applicant will have one year from the date of lottery selection to complete the following:

1. Obtain a signed lease or other proof of site control for a location within the zoning district for which the applicant was selected.
2. Conditional Use Permit. A selected applicant must obtain a conditional use permit as required by Capitola Municipal Code Section 17.96.080. Lottery selection does not constitute approval of a conditional use permit. The conditional use permit process will address the proposed location and the applicable requirements of the Municipal Code.

The one-year period is intended to give the selected applicant time to secure a location and obtain a conditional use permit.

7. Construction and Permitting Period

After satisfying the one-year requirements, the selected applicant will have an additional 12 months to complete all required permits, registration, construction, and licensing required to open and operate the body art studio for business.

8. Failure to Meet Deadlines

If a selected applicant:

- Does not provide the required Conditional Use Permit and lease/site control within the initial one-year period; or
- Does not complete all required permits, registration, construction, and licensing required to open and operate the body art studio for business within the additional one-year period;

the applicant's opportunity to operate a body art studio under the lottery selection will expire.



CITY OF CAPITOLA
ADMINISTRATIVE POLICY
BODY ART STUDIO LOTTERY

Item 8 C.

Effective Date: _____
Adopted By: _____

The available body art studio opportunity will then be made available to another applicant pursuant to the Municipal Code and this administrative policy.

9. Withdrawal

An applicant may withdraw from the lottery or from the process at any time by notifying the City in writing. A withdrawn applicant will no longer be eligible for the body art studio opportunity for a period of one year.

10. City Discretion

The City Manager or designee may establish reasonable administrative procedures necessary to conduct the lottery and implement this policy, provided those procedures are consistent with Capitola Municipal Code Section 17.96.080. If there is a conflict between this policy and the Capitola Municipal Code, the Municipal Code shall control.

11. Policy Expiration

This policy shall expire after the application period for the initial lottery has closed. Once expired, body art studio permits shall be issued on a first come first served basis and this policy will automatically be rescinded.

Capitola City Council

Agenda Report



Meeting: September 24, 2026

From: Administrative Services Department

Subject: Conduit financing for 1098 38th Avenue Affordable Housing
Project: Capitola Manor Apartments

Recommended Action: 1) Conduct the public hearing under the requirements of TEFRA and the Internal Revenue Code of 1986, as amended (the “Code”); 2) Adopt the resolution approving the issuance of the Bonds by the CMFA for the benefit of MidPen Housing Corporation, a California nonprofit public benefit corporation (the “Developer”), on behalf of MP Rail Trail Associates, L.P., a California limited partnership (the “Borrower”), to provide for the financing of the Project, such adoption is solely for the purposes of satisfying the requirements of TEFRA, the Code and the California Government Code Section 6500 (and following).

Background: The Borrower requested that the CMFA serve as the municipal issuer of the Bonds in an aggregate principal amount not to exceed \$40,000,000 (the “Bonds”) of tax-exempt revenue bonds. The proceeds of the Bonds will be used to finance and refinance the acquisition, construction, improvement and equipping of a 52-unit qualified residential rental project (the “Project”) to be owned and operated by the Borrower and located at 1098 38th Avenue in the City of Capitola, California (the “City”).

Discussion: In order for the Bonds to qualify as tax-exempt bonds, the City of Capitola must conduct a public hearing (the “TEFRA Hearing”) providing for the members of the community an opportunity to speak in favor of or against the use of tax-exempt bonds for the financing of the Project. Prior to such TEFRA Hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA Hearing, an “applicable elected representative” of the governmental unit hosting the Project must provide its approval of the issuance of the Bonds for the financing of the Project.

The California Municipal Finance Authority (CMFA) was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 350 municipalities have become members of CMFA.

The CMFA was formed to assist local governments, non-profit organizations and businesses with the issuance of taxable and tax-exempt bonds aimed at improving the standard of living in California. The CMFA’s representatives and its Board of Directors have considerable experience in bond financings.

Fiscal Impact: The Bonds to be issued by the CMFA for the Project will be the sole responsibility of the Borrower, and the City will have no financial, legal, moral obligation, liability or responsibility for the Project or the repayment of the Bonds for the financing of the Project. All financing documents with respect to the issuance of the Bonds will contain clear disclaimers that the Bonds are not obligations of the City or the State of California but are to be paid for solely from funds provided by the Borrower.

The Board of Directors of the California Foundation for Stronger Communities, a California non-profit public benefit corporation (the "Foundation"), acts as the Board of Directors for the CMFA. Through its conduit issuance activities, the CMFA shares a portion of the issuance fees it receives with its member communities and donates a portion of these issuance fees to the Foundation for the support of local charities. With respect to the City of Capitola, it is expected that that a portion of the issuance fee attributable to the City will be granted by the CMFA to the general fund of the City. Such grant may be used for any lawful purpose of the City.

Attachments:

1. Attachment 1: Resolution

Report Prepared By: Report Prepared By: Jim Malberg, Administrative Services Director

Reviewed By: Lesley Milton, Interim City Clerk, Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA APPROVING A PLAN OF FINANCE OF THE CALIFORNIA MUNICIPAL FINANCE AUTHORITY TO ISSUE AND REISSUE REVENUE BONDS FOR A QUALIFIED RESIDENTIAL RENTAL PROJECT FOR THE BENEFIT OF MP RAIL TRAIL ASSOCIATES L.P., AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, MidPen Housing Corporation, a California nonprofit public benefit corporation (the “Developer”), on behalf of MP Rail Trail Associates, L.P., a California limited partnership, or another ownership entity created by MP Rail Trail LLC, a California limited liability company, its general partner (the “General Partner”), or by another affiliate of the Developer (such limited partnership or other ownership entity, the “Borrower”), has requested that the California Municipal Finance Authority (the “Authority”) undertake a proposed plan of finance to issue and reissue from time to time one or more series of revenue bonds in an outstanding principal amount not to exceed \$40,000,000 (the “Bonds”) to finance and refinance the acquisition, construction, improvement and equipping of a 52-unit qualified residential rental project (the “Project”) to be owned and operated by the Borrower and located at 1098 38th Avenue in the City of Capitola, California (the “City”); and

WHEREAS, an “applicable elected representative” of the jurisdiction in which the Project is to be located is required to approve the proposed plan of finance for the Project under Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, the City Council of Capitola (the “City Council”) is the elected legislative body of the City and is an “applicable elected representative” for purposes of Section 147(f) of the Code; and

WHEREAS, the Authority has advised that the Bonds may be issued pursuant to a “plan of finance” to issue an original issue of Bonds and to issue or reissue one or more additional series of Bonds from time to time after the original issue of Bonds, if necessary or desirable to comply with applicable legal requirements, all in an aggregate principal amount not to exceed \$40,000,000 to finance the Project, and all within the three-year period commencing on the date of the issuance of the first series of Bonds pursuant to this resolution; and

WHEREAS, the Authority has requested that the City Council approve the proposed plan of finance in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the California Municipal Finance Authority, dated as of January 1, 2004 (the “Agreement”), among certain local agencies, including the City; and

WHEREAS, pursuant to Section 147(f) of the Code, the City Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the proposed plan of finance for the Project;

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Capitola, as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the proposed plan of finance of the Authority to issue and reissue from time to time of one or more series of revenue bonds in an outstanding principal amount not to exceed \$40,000,000. It is the purpose and intent of the City Council that this resolution constitute approval of the proposed plan of finance for the Project for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of a governmental unit having jurisdiction over the area in which the Project is to be located, in accordance with said Section 147(f) and (b) Section 4 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing transaction approved hereby.

Section 4. The City Clerk shall forward a certified copy of this Resolution to the Authority in care of its counsel:

Ronald E. Lee, Esq.
Jones Hall LLP
4 West 4th Avenue, Suite 406
San Mateo, CA 94402

Section 5. This resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the City Council of the City of Capitola on the 24th day of September 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

[SEAL]

Margaux Morgan, Mayor

ATTEST:

Lesley Milton, Interim City Clerk

TEFRA Public Hearing 1098 38th Avenue Housing Project

City Council
City of Capitola

Purpose of Tonight's Public Hearing

Conduct a public hearing pursuant to Federal Tax Equity and Fiscal Responsibility Act (TEFRA).

TEFRA requires a public hearing when tax-exempt financing is proposed for a project located within a jurisdiction.

The governing body must approve proposed financing for TEFRA purposes.

No City debt or obligation to repay

Project Overview

- Borrower:
MidPen Housing Corporation
- Project location:
1098 38th Avenue
- Affordable Housing:
52-unit qualified residential rental housing project
- Ownership and operation:
The Borrower
- Financing purpose:
Acquire, construct, improve, equip, and refinance the Project
- City has loaned project approximately \$2 million to support

Proposed Financing



Issuer: California Municipal
Finance Authority (CMFA)

Item 9 A.



Financing: Tax-exempt revenue
bonds



Maximum principal amount: Not
to exceed \$40,000,000



CMFA is a joint powers authority
that assists with taxable and tax-
exempt financing.



Financing will be arranged for
Borrower and its financing
institution.

No Financial Obligation for City

- Debt will be sole responsibility of Borrower.
- City of Capitola will have no obligation to repay bonds.
- City will assume no financial or legal responsibility for the debt.
- Financing documents will state that loan is not an obligation of City.
- City will incur no costs associated with issuing proposed debt.



Nature of Financing

Proposed financing is a private loan involving Borrower and its financing institution.



CMFA will serve as issuer of the tax-exempt revenue bonds.

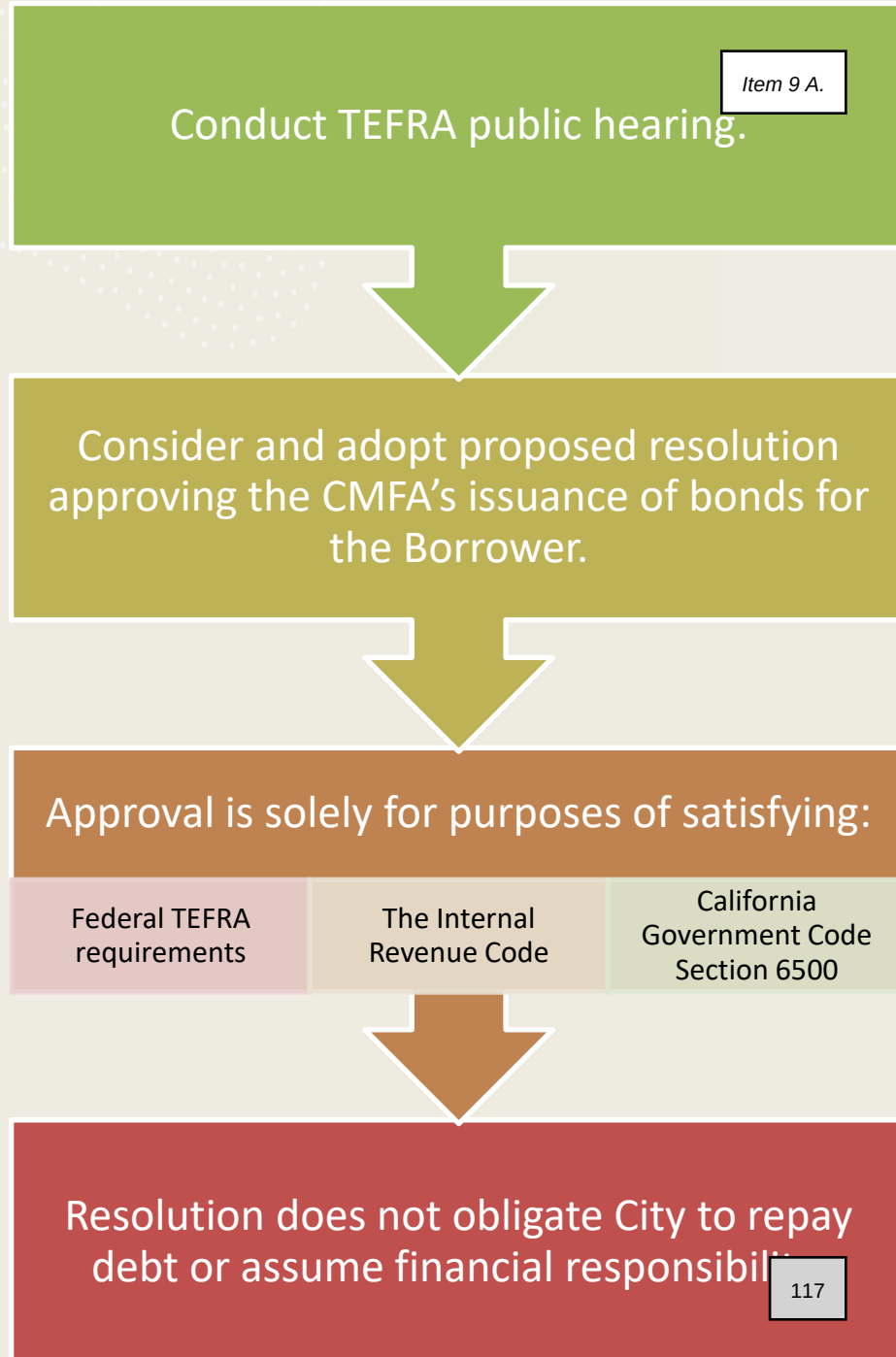


City approval does not pledge City revenues or assets.



City approval does not create a guarantee or repayment obligation.

Requested City Council Action



Questions and Public Comment



Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: Administrative Services Department

Subject: Parking Rates Increase and Coastal Development Permit



Applicant: City of Capitola

Application: #2026-0473

Location: Metered parking space throughout Capitola Village and at the City Hall upper and lower parking lots located at 426 Capitola Avenue, Capitola, CA 95010 (APN 035-141-36). The project is within the coastal zone and the project decision will include a determination on a CDP, which is appealable to the California Coastal Commission after all possible appeals are exhausted through the City, pursuant to CMC §17.44.150(B)(3).

The proposed rate increases are exempt from the California Environmental Quality Act (CEQA) pursuant to Categorical Exemption §15301 (Existing Facilities).

Recommended Action: Approve a Coastal Development Permit for parking meter rate increases for the Upper and Lower City Hall Parking Lots, Village Area, and Cliff Drive Area and introduce, by title only, waiving further reading of the text, an ordinance of the City of Capitola amending Municipal Code Section 10.38.010.

Background: The City currently charges \$2.00 per hour for parking in Capitola Village with a maximum stay of three hours, \$1.00 per hour in the Upper and Lower Parking Lots, and \$2.00 per hour on Cliff Drive. These rates have been in effect since July 2023.

Parking revenues help support the City's costs associated with the operation, maintenance, enforcement, administration, equipment, and improvement of the City's parking system. Since the current rates were established, the costs associated with providing and maintaining parking services have continued to increase.

During the FY 2026-27 budget hearings, the City Council requested that staff review the City's parking rates during the first quarter of the fiscal year. Staff has completed that review and evaluated current rates in nearby jurisdictions, as well as the potential revenue impacts of modest rate adjustments.

The proposed increases would maintain a differential between parking in the Village and the City's Upper and Lower Lots while providing additional revenue to support parking-related costs.

Discussion: Staff reviewed parking programs in nearby jurisdictions. Of the jurisdictions reviewed, the cities of Santa Cruz and Monterey operate paid parking programs, while

Carmel, Pacific Grove, Marina, Seaside, and Half Moon Bay do not currently charge for public parking. Below are the parking rates for Santa Cruz and Monterey.

City of Santa Cruz

Santa Cruz operates a variety of paid parking facilities with rates that vary by location and demand, including:

- **Beach Area 1:** \$2.25 for the first two hours, increasing to \$4.50 for the third and fourth hours and \$9.00 for each additional hour.
- **Beach Area 2:** \$2.25 per hour, with a 12-hour maximum.
- **On-street meters:** Rates vary from \$1.00 to \$3.50 per hour, generally with a 12-hour maximum.
- **Parking garages:** \$1.25 per hour, with a \$10.00 daily maximum.
- **Wharf parking:** Seasonal rates range from \$1.00 per hour to \$1.00 per 20 minutes.
- **Local parking pass:** \$20 annually for City residents and \$25 annually for County residents, weekdays only.
- **Residential permits:** Rates vary by location.

City of Monterey

Monterey operates paid parking at meters, garages, and parking lots, with rates varying by location:

- **Parking meters:** \$1.50 to \$2.00 per hour, with no time limit.
- **Parking garages and lots:** \$0.50 to \$2.00 per hour, with daily maximums ranging from \$5.00 to \$20.00.
- **Residential permits:** No charge, subject to applicable parking restrictions.
- **Resident parking discounts:** \$20 annually, providing two hours of parking at participating parking facilities Monday through Thursday.

Based on this review, the proposed Capitola rates would remain within the range of rates charged by other nearby jurisdictions that operate paid parking programs.

Proposed Rate Structure

Location	Current Rate	Proposed Rate	Increase
Capitola Village	\$2.00/hour	\$2.50/hour	\$0.50/hour
Upper & Lower Lots	\$1.00/hour	\$1.25/hour	\$0.25/hour

The proposed rate structure recognizes the higher demand and value associated with parking in Capitola Village while continuing to provide a lower-cost parking option in the Upper and Lower Lots.

The proposed rate increases are estimated to generate approximately \$270,000 in additional annual parking revenue.

Staff has also met with the Capitola Village and Wharf Business Improvement Area (BIA) executive board. The BIA concurs with the proposed rate increases.

Coastal Development Permit

Pursuant to Capitola Municipal Code Section 10.36.055, changes to parking meter and parking lot rates within Capitola Village require approval of a Coastal Development Permit by the City Council. When considering a coastal development permit application for parking meter zones and rate modifications, the City Council shall evaluate the potential impact on public coastal access, and ensure existing levels of public access are maintained, including through ensuring that alternative access opportunities, including bike lanes and parking, pedestrian trails, and relocated free vehicular parking spaces, are provided so as to fully mitigate any potential negative impacts and maximize access opportunities. Also, any revenue from fee-based parking programs within the coastal zone shall only be used to fund public access to coastal resources, protect public safety in the coastal zone, and provide public services in the coastal zone.

The findings to approve the Coastal Development Permit are included as Attachment 1. The proposed parking program maintains and enhances coastal access through a combination of reasonably priced parking, lower-cost alternative parking, multimodal improvements, pedestrian access, and continued investment in coastal services.

Public Outreach

If approved, staff recommends providing advance public notice of the new rates through parking signage, the City's website, social media, and other appropriate communication channels.

Staff would also coordinate with affected businesses and other stakeholders to ensure the new rates are clearly communicated before implementation.

Implementation

If approved by the City Council, staff will coordinate implementation of the revised rates, including necessary updates to pay stations, signage, enforcement materials, public information, and applicable City webpages.

Staff recommends the new rates become effective **January 1, 2027**, allowing sufficient time for public notification and completion of the necessary administrative and technical changes.

The proposed rate increases are consistent with the recommendation of the Capitola Village and Wharf Business Improvement Area (BIA) and respond to comments previously provided by the California Coastal Commission regarding the City's parking rate structure and the availability of lower-cost parking alternatives outside the Village.

Additionally, the Finance Advisory Committee (FAC) met on September 1st and also concurred with the recommendation from staff and the BIA.

Fiscal Impact: The proposed rate increases are estimated to generate approximately \$270,000 in additional annual parking revenue.

The additional revenue would be deposited into the appropriate City fund and could be used to offset eligible costs associated with parking operations, maintenance, enforcement, equipment, capital improvements, and other parking-related and coastal access and enhancement expenditures, subject to applicable budgetary requirements.

Attachments:

1. Ordinance

Report Prepared By: Report Prepared By: Jim Malberg, Administrative Services Director

Reviewed By: Katie Herlihy, Community and Economic Development Director; Lesley Milton, Interim City Clerk, Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AMENDING
SECTION 10.38.010(C) OF THE CAPITOLA MUNICIPAL CODE REGARDING
PARKING METER RATES**

WHEREAS, the City of Capitola has established parking meter zones and parking meter rates within the City pursuant to Chapter 10.38 of the Capitola Municipal Code; and

WHEREAS, Section 10.38.010(C) of the Capitola Municipal Code establishes the parking meter rates applicable within Parking Meter Zone A(1), Parking Meter Zone A(2), and Parking Meter Zone B; and

WHEREAS, portions of the City's parking meter zones and public parking facilities are located within the City's Coastal Zone and are subject to the requirements of the City's certified Local Coastal Program; and

WHEREAS, pursuant to the City's Local Coastal Program and applicable provisions of the Capitola Municipal Code, implementation of changes to parking rates within the Coastal Zone requires compliance with the applicable Coastal Development Permit requirements; and

WHEREAS, the City Council has considered the applicable Coastal Development Permit and Local Coastal Program requirements, including the required findings addressing coastal access, public recreational access, visitor-serving opportunities, public services, and protection of coastal resources; and

WHEREAS, the City Council finds that the parking meter rate changes authorized by this ordinance are consistent with and will be implemented in compliance with the applicable Coastal Development Permit and the required findings, including measures intended to maintain and enhance public access to coastal resources; and

WHEREAS, the City Council has determined that it is appropriate to update certain parking meter rates to better reflect current parking operations and the costs associated with providing and managing public parking facilities, while maintaining reasonably priced parking options and alternative means of access to coastal resources; and

WHEREAS, the City Council desires to amend Section 10.38.010(C) of the Capitola Municipal Code to establish an hourly parking meter rate of \$2.50 for Parking Meter Zone A(1) and A(2) and an hourly parking meter rate of \$1.25 for Parking Meter Zone B; and

WHEREAS, the City Council desires to amend Section 10.38.010(A)(3) of the Capitola Municipal Code to correct the referenced name of the parking lots in Zone B from the Upper and Lower Pacific Cove Parking Lots to the Upper and Lower City Hall Parking Lots; and

WHEREAS, the City Council intends that the parking meter rates established by this ordinance be implemented in a manner consistent with the City's certified Local Coastal Program, applicable Coastal Development Permit requirements and findings, and all conditions imposed through the applicable Coastal Development Permit.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CAPITOLA DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Amendment to Municipal Code.

Section 10.38.010(A)(3) of Chapter 10.38 of Title 10 of the Capitola Municipal Code is hereby amended in its entirety to read as follows:

3. Parking Meter Zone B. The city-owned parking lots adjacent to, and directly to the north and east of Capitola City Hall, comprised of APN 35-141-33 located at 426 Capitola Avenue, which encompasses the area known as the Upper and Lower City Hall Parking Lots, as depicted on the map attached to the ordinance codified in this chapter as Exhibit "B" found on file in Ordinance 1061 in the office of the City Clerk, shall constitute Parking Meter Zone B.

And,

Section 10.38.010(C) of Chapter 10.38 of Title 10 of the Capitola Municipal Code is hereby amended in its entirety to read as follows:

C. Parking Meter Rates. The following parking meter rates are hereby established in the City of Capitola:

Parking Meter Zone	Location	Rate
Zone A(1)	Village Area	\$2.50 per hour
Zone A(2)	Cliff Drive Area	\$2.50 per hour
Zone B	Upper and Lower City Hall Parking Lots	\$1.25 per hour

SECTION 2. Limitations of Amendment to Municipal Code. The preceding section shall not be construed to authorize implementation of a parking rate change in a manner inconsistent with an applicable Coastal Development Permit or the City's certified Local Coastal Program.

SECTION 3. Coastal Development Permit and Local Coastal Program Compliance.

The City Council finds that the parking meter rate changes authorized by this ordinance are subject to the applicable Coastal Development Permit requirements and shall be implemented consistent with the findings and conditions of the applicable Coastal Development Permit.

The City Council further finds that implementation of the amended parking meter rates, together with the measures identified in the associated Coastal Development Permit, is intended to maintain and enhance public access to coastal resources, including by maintaining reasonably priced parking alternatives, providing lower-cost parking in City parking lots, supporting multimodal access, and continuing City services and facilities that provide and support public access to the coastal zone.

The City Council incorporates by reference the applicable Coastal Development Permit findings and conditions associated with the parking meter rate changes. In the event of a conflict between this ordinance and an applicable Coastal Development Permit or the City's certified Local Coastal Program, the Coastal Development Permit and certified Local Coastal Program shall control to the extent required by law.

SECTION 4. Environmental Review.

The City Council finds that adoption of this ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to 15301 (Existing Facilities), because the ordinance establishes parking meter rates and does not result in a physical change to the environment.

SECTION 5. Severability.

If any section, subsection, sentence, clause, phrase, or portion of this ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Capitola hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

SECTION 6. Codification.

The City Clerk is authorized and directed to cause this ordinance to be codified as an amendment to Section 10.38.010(C) of the Capitola Municipal Code.

SECTION 7. Effective Date.

This ordinance shall take effect and be in full force and effect thirty (30) days after its adoption.

SECTION 8. Publication.

The City Clerk is directed to cause this ordinance to be published or posted in the manner required by law.

INTRODUCED at a special meeting of the City Council of the City of Capitola on the 24th day of September, 2026, and **PASSED AND ADOPTED** at a regular meeting of the City Council on the ____ day of ____, 2026, by the following vote:

AYES:

NOES:
ABSENT:
ABSTAIN:

Margaux Morgan, Mayor

ATTEST:

Lesley Milton, Interim City
Clerk

APPROVED AS TO FORM:

Marc Tran, City Attorney

Coastal Development Permit Findings for Capitola Village Parking Rate Increase

The proposed Village parking meter rate would increase from \$2.00 to \$2.50 per hour, while maintaining the existing three-hour parking limit. The proposed rate for the City Upper and Lower Parking Lots would increase from \$1.00 to \$1.25 per hour, while maintaining the current enforceable hours of 8:00 a.m. to 8:00 p.m.

The City has evaluated the proposed parking rate changes in relation to the Coastal Act, the City's certified Local Coastal Program (LCP), and the required findings in Capitola Municipal Code Section 17.44.130, as follows in underline.

1. Consistency with the LCP Land Use Plan and Implementation Program

Staff analysis: The proposed project is consistent with the LCP Land Use Plan and Implementation Program. The proposed parking rate adjustments are part of the City's overall management of public parking and coastal access and do not eliminate public parking or otherwise preclude access to the coast. The LCP recognizes the importance of maintaining adequate public access to the shoreline while allowing the City to manage public parking and transportation facilities. The proposed rate changes maintain existing parking facilities, parking limits, and hours of enforcement.

The proposed rates preserve a range of parking options. Village parking would be available at \$2.50 per hour with a three-hour maximum, while the City Upper and Lower Parking Lots would remain available at one-half the Village hourly rate of \$1.25 per hour and would continue to accommodate longer-duration parking.

The proposed rate structure therefore allows the City to manage demand for the most convenient parking spaces adjacent to the Village and beach while maintaining a lower-cost alternative within walking distance of the coastal area.

The project also supports the LCP's objectives for multimodal coastal access by continuing the City's investment in bicycle, pedestrian, and other transportation improvements.

2. The Project Maintains or Enhances Public Views

Staff Analysis: The project maintains public views because it does not include physical development that would obstruct or adversely affect public views to or along the ocean. The project consists solely of modifications to parking rates and does not involve construction, grading, landscaping, structures, or other physical improvements that would alter public views. The City will continue to manage the Village and surrounding public spaces in a manner that protects the scenic qualities of the coastal area. Visitors will continue to have access to the Esplanade, beach, Village streets, public parks, benches, and other public spaces from which to experience views of Monterey Bay.

3. The Project Maintains or Enhances Vegetation, Natural Habitats, and Natural Resources

Staff Analysis: The project maintains natural resources because it does not involve physical alterations to natural areas and supports the City's ongoing ability to maintain coastal-zone public facilities and services. The project does not involve construction or physical alterations to vegetation, natural habitats, beaches, bluffs, waterways, or other natural resources. The proposed parking rate adjustments are intended, in part, to support the City's ability to maintain public facilities and services within the coastal zone. These services include maintenance of public areas, trash removal, public restrooms, parks, streets, sidewalks, and other infrastructure serving coastal visitors. The project therefore has no identified adverse effect on vegetation, natural habitats, or natural resources.

4. The Project Maintains or Enhances Low-Cost Public Recreational Access, Including Access to the Beach and Ocean

Staff Analysis: The project maintains low-cost public recreational access because it retains public parking, maintains a substantially lower-cost parking alternative in the City Upper and Lower Lots, and continues to provide and invest in pedestrian, bicycle, and other multimodal means of accessing the coast.

Maintaining low-cost access to the coast is a central consideration in the City's evaluation of the proposed parking rates. The proposed increase is modest and preserves multiple lower-cost opportunities for accessing the Village and beach. The Village rate would increase from \$2.00 to \$2.50 per hour. A visitor parking for three hours would therefore pay \$7.50, compared with \$6.00 under the current rate, which is a maximum increase of \$1.50 for a three-hour visit. At the City Upper and Lower Parking Lots, the rate would increase from \$1.00 to \$1.25 per hour. A visitor parking for three hours would pay \$3.75, compared with \$3.00 under the current rate. The City lots would remain 50 percent less expensive per hour than metered parking in the Village. The City lots also provide an important alternative for visitors seeking longer-duration parking. Visitors can park in the City lots and walk to the Village and beach, avoiding the higher cost and shorter duration associated with the most convenient Village spaces. The project maintains a range of parking options, including a lower-cost alternative within walking distance of the coast.

In addition, coastal recreational access is not limited to automobile parking. The City provides pedestrian, bicycle, and other multimodal opportunities for reaching the Village and coast. The City continues to invest in bicycle and pedestrian infrastructure, and is currently drafting a citywide Active Transportation Plan to further enhance multimodal transportation and access to the Village and coastal area.

The City also provides significant ongoing public expenditures associated with coastal access and recreation, including public beaches, parks, public restrooms, lifeguard services, Junior Guards, public streets and sidewalks, parking facilities, the Wharf, and other coastal facilities.

5. The Project Maintains or Enhances Opportunities for Visitors

The project maintains and supports opportunities for visitors by preserving public parking and continuing the City's substantial investment in public coastal facilities, recreation, transportation,

and services. The additional parking revenue will assist the City in maintaining the public facilities and services that support visitor access to the coastal zone.

Capitola Village is a significant visitor destination and provides a range of recreational, commercial, cultural, and scenic experiences. The proposed parking rate adjustment does not eliminate visitor parking or reduce the amount of public parking available in the City lots. Instead, the City is maintaining a parking system that provides different options based on duration, location, and cost.

The City also continues to provide and maintain public amenities that support visitors, including:

- Capitola Beach;
- Esplanade Park and public open spaces;
- public restrooms;
- public benches and seating;
- pedestrian pathways and sidewalks;
- bicycle parking and bicycle facilities;
- the Capitola Wharf;
- lifeguard services;
- Junior Guards;
- public parking;
- weekend maintenance and trash collection; and
- other public facilities and services supporting the visitor experience.

6. The Project Maintains or Enhances Coastal Resources

The project maintains coastal resources because it does not physically affect coastal resources and supports the City's ongoing management, maintenance, public safety, and resiliency efforts within the coastal zone. More broadly, the City's parking program supports responsible management of visitor access to a constrained coastal environment. Capitola experiences substantial visitor demand during peak periods, while the Village and beach occupy a relatively small geographic area. Managing automobile parking demand allows the City to better manage congestion, pedestrian conflicts, public safety, and impacts associated with concentrated visitor activity. The City invests directly in protecting and maintaining coastal resources and infrastructure. Current and recent efforts include coastal bluff stabilization and resiliency planning, maintenance of coastal public facilities, improvements to the Wharf, and ongoing maintenance of coastal parks and public spaces. The proposed parking rate adjustment provides an additional source of revenue to support these public services and facilities.

7. Consistency with Applicable Design Plans and Area Plans

The project consists of a change to parking rates and does not include physical development subject to architectural or site-design standards. The project is consistent with applicable plans because it does not conflict with any physical design or area plan and supports the City's broader transportation and coastal-access objectives.

8. Consistency with the LCP Goal of Encouraging Appropriate Coastal Development and Coastal Priority Uses

The project is consistent with the LCP goal of encouraging appropriate coastal development and coastal priority uses because it supports continued access to the Village, beach, and coastal recreational facilities while maintaining appropriate parking and transportation management. Capitola Village is a longstanding coastal visitor destination containing public recreational facilities, commercial uses, lodging, restaurants, pedestrian areas, and direct access to Capitola Beach and Monterey Bay. The City's parking program supports these coastal priority uses by providing visitors with access to the Village while also encouraging use of alternative transportation modes. The proposed rate structure is particularly important because it maintains a lower-cost parking option in the City Upper and Lower Lots while allowing the City to better manage demand for the most convenient parking spaces in the Village. The proposed rate adjustment therefore represents a balanced approach that supports continued public access, visitor-serving uses, public safety, and appropriate management of a highly visited coastal area.

Parking Rates

Capitola City Council

September 24, 2026

Current Parking Program

- Current rates have been in effect since July 2023
- Capitola Village: \$2.00 per hour
 - Maximum stay of three hours
- Upper & Lower Parking Lots: \$1.00 per hour
- Paid parking is enforced from 8:00 AM to 8:00 PM
- Parking revenues support operations, maintenance, enforcement, administration, equipment, and improvements

Why Review Parking Rates Now?

- City Council directed staff to review parking rates during FY 2026-27 budget hearings.
- Costs associated with providing and maintaining parking services have continued to increase.
- Staff reviewed rates in nearby jurisdictions and evaluated potential revenue impacts.
- Proposed structure preserves a lower-cost parking alternative outside the Village.
- Rate differential can help manage demand and encourage use of other City parking facilities.

Proposed Rate Structure

Location	Current Rate	Proposed Rate	Increase
Capitola Village	\$2.00/hour	\$2.50/hour	\$0.50/hour
Upper & Lower Lots	\$1.00/hour	\$1.25/hour	\$0.25/hour

- Maintains a meaningful price differential between Village and non-Village parking.
- Provides visitors with a lower-cost parking option in the Upper & Lower Lots.

Nearby Jurisdiction Comparison

- Santa Cruz and Monterey operate paid public parking programs.
- Carmel, Pacific Grove, Marina, Seaside, and Half Moon Bay do not currently charge for public parking.
- Santa Cruz: on-street meters generally range from \$1.00–\$3.50/hour; garages are \$1.25/hour with a \$10 daily maximum.
- Monterey: parking meters range from \$1.50–\$2.00/hour; garages and lots range from \$0.50–\$2.00/hour.
- Proposed Capitola rates remain within range of nearby jurisdictions that charge for public parking.

Revenue Impact

Estimated additional annual parking revenue

\$270,000

Additional revenue would offset General Fund and increased parking program expenditures and help close long term projected budget shortfalls

California Coastal Commission Considerations

- Proposed structure responds to previous Coastal Commission comments regarding parking rates and lower-cost alternatives.
- Village parking higher rate than Upper & Lower Lots.
- Lower-cost option outside Village provides an incentive for visitors willing to park farther away.
- Differential supports parking demand management while maintaining access to coastal areas.
- Proposal continues to provide a lower-cost public parking option.

Business Improvement Area (BIA) and FAC Input

- Staff met with BIA executive board and FAC. Both concur with:
 - Proposed \$0.50/hour Village increase.
 - Proposed \$0.25/hour increase in Upper & Lower Lots.

Implementation & Public Outreach

- Proposed effective date: January 1, 2027.
- Provide advance notice through parking signage, City website, social media, and other appropriate communications.
- Coordinate with BIA regarding affected businesses and stakeholders.
- Update pay stations, signage, enforcement materials, public information, and applicable City webpages.
- Proposed timeline allows sufficient time for notification and technical changes.

Recommended Action

- Approve a Coastal Development Permit for parking meter rate increases for the Upper and Lower City Hall Parking Lots, Village Area, and Cliff Drive Area
- Introduce, by title only, waiving further reading of the text, an ordinance of the City of Capitola amending Municipal Code Section 10.38.010

Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: Community Services & Recreation Department

Subject: Park Space Reservation Permit Use Policy



Recommended Action: Adopt a resolution amending Administrative Policy V-21, Park Reservation Permit Use Policy, to revise the areas and/or conditions under which City park facilities may be reserved for exclusive use, and authorize the City Manager or designee to administer the Policy consistent with Chapter 12.40 of the Capitola Municipal Code

Background: On March 28, 2024, the City Council approved an ordinance repealing and replacing Chapter 12.40 of the Capitola Municipal Code, Park Regulations. The revised ordinance established a process for members of the public to reserve designated areas of City parks for exclusive use for non-expressive activities, including small personal gatherings such as birthday parties, graduations, and similar events. Activities that constitute expressive activity or have a planned attendance of 74 people or more are subject to the City's Special Events permitting requirements.

As part of the ordinance adoption process, the City Council directed staff to develop a Parks Policy identifying the specific areas of City parks available for reservation and establishing the associated terms and conditions of use. The City Council subsequently adopted Administrative Policy V-21, Park Reservation Permit Use Policy, establishing the City's reservable park areas, capacities and allowable equipment.

Since implementation of the Park Reservation Permit process, the City has completed construction on the Capitola Community Center, Treasure Cove Playground at Jade St Park and The Park at Rispin Mansion. Staff has identified several provisions of the policy that should be updated to better reflect current park conditions and the City's experience with the reservation process.

Discussion: The proposed amendment updates Administrative Policy V-21, Park Reservation Permit Use Policy, to reflect recent changes to City facilities and park amenities, including the completion of the Capitola Community Center improvements, Treasure Cove Playground at Jade Street Park, and The Park at Rispin Mansion. The proposed amendments remove two formerly reservable spaces at Jade Street Park that are no longer suitable for exclusive reservation following completion of the Treasure Cove Playground and designate Rispin Mansion Park as "not reservable." These changes are intended to provide greater clarity regarding the areas available for reservation, establish appropriate limitations on use, and ensure that the Park Reservation Permit process remains consistent with Chapter 12.40 of the Capitola Municipal Code.

Following completion of the Treasure Cove Playground, the two previously designated reservable areas at Jade Street Park are no longer appropriate for exclusive reservation due to their proximity to and relationship with the new playground amenities. Removing these areas from the list of reservable spaces will allow the park to remain available for general public use and avoid conflicts between private reservations and use of the playground and surrounding park amenities. Parties interested in renting the Community Center Patio can obtain a permit through the Community Center Rental program.

The Park at Rispin Mansion provides an additional public park resource for the community, and staff is continuing to explore appropriate programming opportunities for the site. However, due to the park's limited parking, access, and available space, staff is recommending that there is not currently an area within the park that is appropriate for inclusion in the Park Reservation Permit program. Members of the public interested in hosting an event at Rispin Mansion Park may instead apply for a Minor Special Event

Permit, as appropriate. Events permitted through that process would be subject to the applicable requirements, conditions, and limitations of the Special Event permitting process.

The amended policy will continue to distinguish between reservable park areas and parks or park areas that are not available for exclusive reservation. Reservable areas will remain subject to established capacity limits, permit requirements, fees, and the terms and conditions contained in the Capitola Reservable Park Area Packet provided to permit applicants. The packet has also been revised to reflect the proposed changes to the reservable park areas.

The policy will continue to provide administrative flexibility for temporary changes to reservable areas due to construction, maintenance, environmental conditions, public safety concerns, or other unforeseen circumstances. This flexibility allows the City to respond to changing park conditions without requiring a formal amendment to the policy for each temporary closure or restriction.

The proposed amendment does not alter the underlying authority established in Chapter 12.40 of the Capitola Municipal Code. Rather, it updates the administrative policy adopted pursuant to that authority and provides staff with clear and current direction for implementation of the City's Park Reservation Permit program.

Fiscal Impact: There is no significant fiscal impact associated with the proposed amendment to the Park Reservation Permit Use Policy. Park reservation permit fees are established separately by City Council resolution. Any changes to the applicable fee schedule will be brought forward to the City Council for consideration as necessary.

Attachments:

1. Draft Resolution – Amending Administrative Policy V-21, Park Reservation Permit Use Policy
2. Amended Administrative Policy V-21 – Park Reservation Permit Use Policy
3. Capitola Reservable Park Area Packet

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government; Healthy Families, Community, and Environment;

Report Prepared By: Nikki Bryant, Community Services & Recreation Director

Reviewed By: Lesley Milton, Interim City Clerk

Approved By: Jamie Goldstein, City Manager

RESOLUTION NO. ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
AMENDING ADMINISTRATIVE POLICY V-21, PARK RESERVATION PERMIT USE POLICY**

WHEREAS, on March 28, 2024, the City Council adopted Ordinance 1065 repealing and replacing Chapter 12.40 of the Capitola Municipal Code, Park Regulations, establishing a process for members of the public to reserve designated areas of City parks and recreation facilities for exclusive use; and

WHEREAS, Chapter 12.40 authorizes the City to identify specific areas of City-owned property available for exclusive use and provides for the administration of park and recreation facility regulations consistent with that chapter; and

WHEREAS, the City Council subsequently adopted Resolution 4374 approving Administrative Policy V-21, Park Reservation Permit Use Policy, identifying the City's reservable park areas and establishing associated capacities, allowable equipment, and conditions of use; and

WHEREAS, since implementation of the Park Reservation Permit process, the City has completed improvements to the Capitola Community Center, Treasure Cove Playground at Jade Street Park, and The Park at Rispin Mansion, requiring updates to the policy to reflect current park conditions and amenities; and

WHEREAS, the proposed amendments remove two formerly reservable areas at Jade Street Park that are no longer appropriate for exclusive reservation following completion of Treasure Cove Playground and designate The Park at Rispin Mansion as not reservable due to its limited parking, access, and available space; and

WHEREAS, the City Council desires to amend Administrative Policy V-21 to provide clear and current direction for the Park Reservation Permit program while retaining administrative flexibility to address temporary changes in park conditions.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Capitola as follows:

Section 1. The City Council hereby approves and adopts the amended Administrative Policy V-21, Park Reservation Permit Use Policy, attached hereto as Exhibit A and incorporated herein by reference.

Section 2. The City Manager or designee is authorized to administer Administrative Policy V-21 consistent with Chapter 12.40 of the Capitola Municipal Code, including temporary changes to the availability or conditions of reservable areas when necessary due to construction, maintenance, environmental conditions, public safety concerns, or other unforeseen circumstances.

Section 3. The City Manager or designee is authorized to make non-substantive administrative or clerical revisions to the policy and related application materials as necessary for implementation, provided such revisions remain consistent with Chapter 12.40 and the direction of the City Council.

Section 4. This Resolution shall take effect immediately upon adoption.

ADOPTED by the City Council of the City of Capitola at its regular meeting held on the 24th day of September 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Margaux Morgan, Mayor

ATTEST:

Lesley Milton, Interim City Clerk

EXHIBIT A

Amended Administrative Policy V-21

Park Reservation Permit Use Policy

Number: V-21

Issued: May 2024

Revised: September 24, 2026

Jurisdiction: City Council by
Resolution**PARK RESERVATION PERMIT USE POLICY****I. Purpose**

The purpose of this policy is to outline the available areas for park rental use within the City of Capitola and outline the rental terms and conditions of use.

RESERVABLE PARK AREAS

- Jade Street Park
 - Soccer Lawn 1– Capacity of 74
 - Soccer Lawn 2 – Capacity of 74
- Monterey Avenue Park
 - Dugout Picnic Tables – Capacity of 40
 - School Side Lawn – Capacity of 40
 - Soccer Lawn 1 – Capacity of 74
- Noble Gulch Park
 - Creekside Picnic Tables – Capacity of 40
- McGregor Park
 - Seating Area – Capacity of 20
- Esplanade Park/Soquel Creek Park/Peery Park/Cortez Park/Rispin Mansion Park – **Not reservable.**

Exhibit A, attached hereto and incorporated herein by reference, indicates the spaces within each of the above-referenced Parks available for reservation and exclusive use pursuant to this Policy and Section 12.40 of the Capitola Municipal Code. The City Manager or designee may temporarily revise this available site list in response to construction, environmental concern for the park spaces, or other unforeseen circumstances, for up to 1 year without adjustment to the policy. Any such temporary revision shall be posted on the City website.

Park reservation use permit fees will be established by City Council resolution.

II. Bounce Houses

Members of the public who wish to use a bounce house in any city park must obtain a Bounce House permit and insurance in a form acceptable by the City. Bounce Houses may not be erected in McGregor Park. If the bounce house will be used during a reservation in one of the reservable spaces, the Bounce House Permit is in addition to the park reservation use permit.

III. Barbeques

Members of the public wishing to operate a barbeque listed as acceptable in Section 12.40.1330(G) for use with a Park reservation use permit must obtain a BBQ permit and insurance in a form acceptable by the City.

IV. Temporary Structures

Members of the public wishing to erect a structure larger than 100 square feet or taller than 10 feet in a Park shall obtain a Structure permit and insurance in a form acceptable by the City.

The park reservation use permit application shall include the following: Reservation Terms, Equipment Insurance process, Permit Specifications, General Conditions, Fees and Refunds, Assumption of Liability Waiver, and Indemnity, and a process for waiving certain fees as a result of financial hardship.

This policy is approved and authorized by:

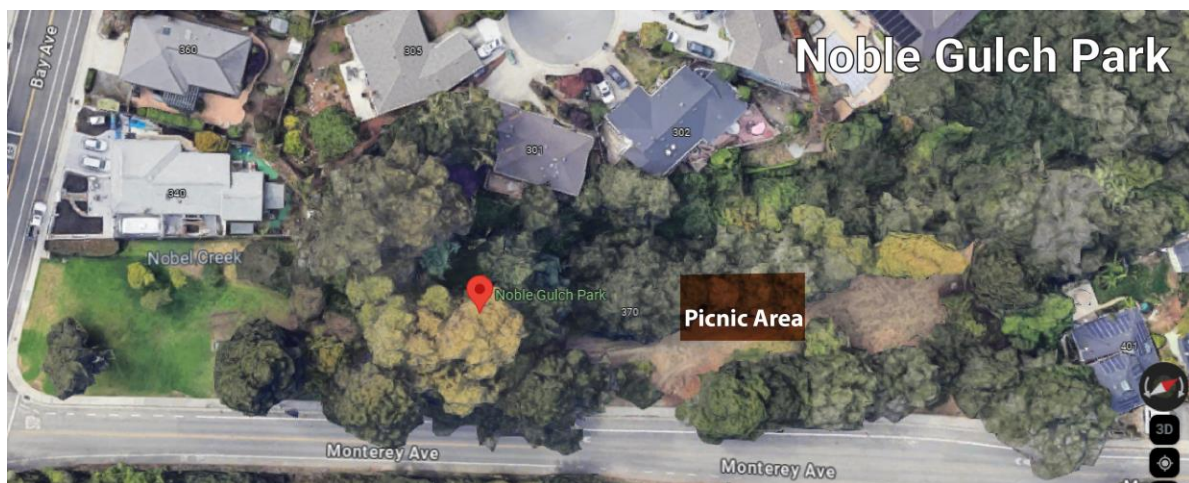
Jamie Goldstein, City Manager

Exhibit A

Areas shaded in red available for reservation



Areas in City of Capitola parks available for rent (cont.)



Areas in City of Capitola parks available for rent (cont.)





City of Capitola Recreation
 4400 Jade Street
 Capitola, CA 95010
capitolarecreation@ci.capitola.ca.us

Reservable Park Areas

Park Space	Capacity	Amenities
Jade Street Park	<i>Bounce House & BBQ with permit</i>	
Soccer Lawn 1	74	Public Bathrooms
Soccer Lawn 2	74	Public Bathrooms
Monterey Avenue Park	<i>Bounce House & BBQ with permit</i>	
Dugout Picnic Tables	40	Picnic Tables Water Fountain
School Side Lawn	40	Water Fountain
Soccer Lawn 1	74	Water Fountain
Noble Gulch Park	<i>Bounce House & BBQ with permit</i>	
Creekside Picnic Tables	40	Picnic Tables
McGregor Park		
Seating area	20	Public Porta Potty Skate/Bike/Dog park
Esplanade Park/ Soquel Creek Park/ Peery Park/ Cortez Park/Rispin Mansion Park Not reservable		

Rental Details: All park spaces are available for reservation for \$10 per hour rate. Minimum 2 hours if location is available. Permittee is responsible for all set up and clean up. Capacity includes all persons in attendance, including helpers and children. Groups larger than 74 people are subject to a Minor Special Event Permit. Rentals for the Community Center Patio are permitted through the Community Center Rental program.

Bounce House Permit: permit fee of \$60 and insurance in a form acceptable by the City is required to have a bounce house with a park reservation. Bounce houses may not be erected in McGregor Park.

BBQ Permit: permit fee of \$10 and insurance in a form acceptable by the City is required to have a BBQ with a park reservation. BBQ must comply with the Capitola Municipal Code section 12.40.130.

Structure Permit: permit fee of \$60 and insurance in a form acceptable by the City is required to have a Temporary Structure larger than 100 square feet or taller than 10 feet in a Park with a park reservation.



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Park Rental Terms and Conditions of Use

A. Reservation

- i. Reservations are made on a first come first served basis and can be made up to one year in advance and no less than 72 hours prior to date desired. Minors (under 18) are not eligible to reserve facilities.
- ii. Minimum 2 hours if location is available. Permittee is responsible for all set up and clean up. Capacity includes all persons in attendance, including helpers and children.
- iii. Full payment is required when the reservation is made.
- iv. Changes to the permit, including changes of date, must be requested in writing by the permittee. All changes are subject to Department approval and subject to a change fee (as described in the Fee Schedule) No changes or additions to the reservation times may take place within two weeks of the event date.
- v. Reservation cancellations must be made in writing and are subject to the refund policy.

B. Park Rental Permit Specifications

- i. Capitola park areas may be reserved daily between 6:00 AM to dusk. The times of the reservation permit must include all set-up and clean-up time. Minimum rental of 2 hours.
- ii. Alcohol consumption is not permitted.
- iii. Bounce House & BBQ permit fee and insurance in a form acceptable by the City is required to have a bounce house or BBQ with a park reservation. Bounce houses may not be erected in McGregor Park.
- iv. An amplified sound permit is required for any event using the following devices: public address systems, speaker systems, live music, and amplification.
- v. Use of equipment requiring a power source or erecting a structure larger than 100 square feet or taller than 10 feet in a Park shall obtain a permit.
- vi. A copy of the permit shall be available upon request by any City official during the park reservation.

C. General Conditions

- i. Groups comprised predominantly of participants under 12 year of age must be chaperoned at a ratio of one adult (over 18 years) to 12 minors.
- ii. Commercial activity is not permitted.
- iii. Decorating materials can include light adhesive, removal tape (i.e. poster tape or painter's tape, zip ties, twine and florist wire. Biodegradable balloons and confetti only. Not allowed: balloon-releasing, rice throwing, staples, tacks, nails, screws, or stakes longer than 6 inches.
- iv. Portable barbecues must be manufactured gas outdoor flame devices that comply with Fire Code.
- v. The Community Services & Recreation department may require insurance for activity that is deemed to be high risk. Bounce house will require insurance.
- vi. City of Capitola is not responsible for items left, lost or stolen.



CAPITOLA
COMMUNITY SERVICES &
RECREATION

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- vii. Overnight storage is not permitted. If rental equipment is used permittee must arrange for it to be delivered and removed the same day as the reservation.
- viii. Areas of City Parks outside the reservable spaces remain open for use by the public. The permittee shall not exclude the public from any site the permittee did not lawfully reserve through a Park Use Permit, nor obstruct the public right of way, nor interrupt or impede upon the orderly flow of automobile or bicycle traffic on any streets or pedestrian right of way adjacent to the location.
- ix. The City Manager or designee is authorized to refuse or revoke any use permit or agreement.
- x. Responsibility for general set up and clean-up of premises shall be the permittee. All trash and recycling materials should be placed in the provided receptacles. Remove all decorations and clean up spilled food. Remove all personal items by end of reservation. The area must be restored to pre-use conditions. Set up and clean up may only take place within the reservation timeframe.
- xi. Smoking and vaping are prohibited in City of Capitola Parks.
- xii. Permittee shall not assign or sub-lease any portion of the reservation.
- xiii. All vehicles associated with a permit must abide by all applicable vehicle and parking statutes and regulations. Vehicles are allowed in designated parking areas only. Driving on grass areas or outside of parking area is prohibited. Parking may be limited. Please encourage carpooling.
- xiv. City of Capitola may establish additional policies consistent with the provisions of the adopted rules and regulations as it deems necessary for safe, efficient, and optimum use of facilities. Please check with the Recreation Front Desk for prior approval regarding uncommon or unique requests.

D. Fees and Refunds

- i. Request more than two weeks before the reservation date, the City will provide a 90% refund.
- ii. Request within two weeks before the date of reservation, the City will provide a 50% refund or apply credit to account.
- iii. Account credit is valid for one year. Please allow up to two weeks to receive your refund amount.
- iv. No refund will be provided if the park permit is revoked.
- v. Request for hardship waiver will be considered in regards to availability of scholarship funds.
- vi. Damage done to the facility or grounds during event or additional clean-up required by maintenance staff will have the required amount billed to the permittee. Staff rates to repair the area are charged at the billable rate.
- vii. Renters are expected to abide by the reservation time indicated on the permit. If the time limits are exceeded by early entry or late exit, the permittee will be charged for the excess time at the hourly rental rate.



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E. Assumption of Liability Waiver and Indemnity

i. Assumption of Liability

Permittee, whether individual, group, or entity, is solely responsible for any and all liabilities to persons or property resulting from use of the City Park area, including damage to any City property or structures. Permittee will indemnify, defend, and hold harmless the City of Capitola, its elected and appointed Council, Commissions, Officers, Agents, and Employees from any claims, suits, losses, or damages for injury to persons or property arising from or connected to this use of the City Park area.

ii. Agreement to Abide by Terms and Conditions

Permittee, whether individual, group, or entity, represents that he/she/they/it has/have read these Terms and Conditions, agrees to make them known to persons attending the function or activity, and agrees that no violation of such shall be allowed to occur on the premises or facilities. Permittee understands that permission to use of the City Park Area is contingent upon compliance with these Terms and Conditions and that permission may be revoked at any time upon failure of persons attending the function or activity to fully comply with these Terms and Conditions.

iii. Permittee, or Representative, to be Present.

Permittee, or the group or entity individual named in the Permit, will be present during the entire period of use of the facility.

I have carefully read and agree to the Term and Conditions of Use and will comply with the regulations and use policies.

 Permittee

 Date

 City Representative

 Date



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Areas in City of Capitola parks available for Reservation

Areas shaded in red available for reservation.





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Areas in City of Capitola parks available for rent (cont.)



Grills and BBQs in Jade St Park and Monterey Ave Park

LP or LNG grills with enclosed flame are acceptable.



Charcoal Grills and Wood Smokers/BBQs are **NOT PERMITTED**



Park Permit Policy



RECOMMENDED ACTION

Amend Administrative Policy - Park Reservation Permit Use Policy, to update rentable spaces due to recent park updates



BACKGROUND

- In March 2024, Council approved an ordinance repealing and replacing Chapter 12.40
- Revision established Park Space Reservation Permit program
 - Small non-expressive gatherings only
- Council requested program have an Administrative Policy V-21 which was adopted by resolution
- City has completed several park improvements requiring amendments to Park Policy
 - Park at Rispin Mansion
 - Treasure Cove as Jade St Park
 - Capitola Community Center



Park Space Reservation Permit



Park spaces available and not available for reservation & capacities for each site



Permit and insurance expectations for Bounce Houses, Barbeques and Temporary Structures



Associated fees for rental and minimum rental length



Terms & Conditions, Assumption of Liability, Financial Hardship



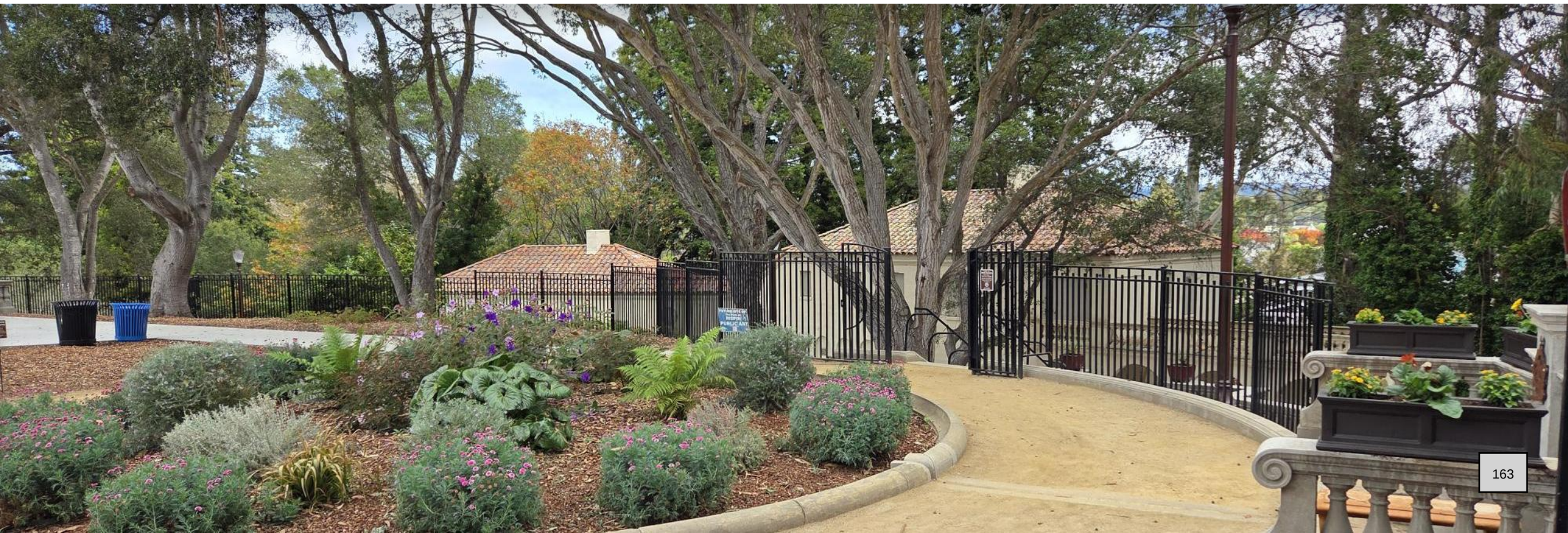
DISCUSSION

- Proposed amendment updates Administrative Policy V-21 to reflect recent changed to City facilities
- Under current policy Jade St Park has two reservable grassy areas near entrance of playground
 - New Treasure Cove Playground and surrounding area is no longer suitable for Park Permit program
- Patio is part of Community Center Rental program and not reservable through Park Permit program.



Discussion

- Park at Rispin Mansion is a new resource and subject of interest to community
- Staff is exploring programming opportunities
- Staff does not recommend adding to Park Permit program as a reservable space
 - Limited parking and access require analysis
- Minor Special Event Permit program is more appropriate



FISCAL IMPACT

- No significant impact
- Any changes to applicable fee schedule will be brought forward to City Council for consideration, as necessary.

RECOMMENDED ACTION

Adopt a resolution amending Administrative Policy V-21, Park Reservation Permit Use Policy, to revise the areas and/or conditions under which City park facilities may be reserved for exclusive use, and authorize the City Manager or designee to administer the Policy consistent with Chapter 12.40 of the Capitola Municipal Code





Questions

Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: Community and Economic Development Department

Subject: Affordable Housing Down Payment Assistance Program



Recommended Action: Authorize staff to develop an Affordable Housing Down Payment Assistance Program to provide financial assistance toward the purchase of deed-restricted affordable ownership housing in the City of Capitola, with final program guidelines in a format approved by the City Attorney.

Background: The City's adopted 2023–2031 Housing Element identifies programs and actions intended to increase the availability of affordable housing and assist lower- and moderate-income households in obtaining and maintaining housing.

The City Council adopted the Fiscal Year 2026/27 budget with funding for a down payment assistance program through the City's Housing Trust Fund, a special revenue source dedicated to affordable housing activities.

Discussion: One component of the City's Housing Element implementation strategy is to facilitate affordable homeownership opportunities. While the City has limited opportunities to directly produce new ownership housing, the City can use local housing funds to assist qualified households with the upfront costs associated with purchasing an affordable home.

More specifically, Housing Element Program 4.3 Homebuyer Assistance recognizes homeownership is beyond the reach of many lower- and moderate-income households, especially first-time homebuyers. Program 4.3 commits the City to reinstate a homebuyer assistance program and set a goal of assisting five households during the current housing cycle.

Staff is proposing to establish an Affordable Housing Down Payment Assistance Program using Housing Trust Fund resources. The proposed program would provide loans of up to \$25,000 per eligible household toward the down payment for the purchase of a deed-restricted affordable ownership unit located in Capitola. The program is intended to assist income qualified households who can otherwise afford the ongoing costs of homeownership but require additional assistance to meet the upfront down payment requirement.

Under the proposed program:

- The City would provide a loan of up to \$25,000 per eligible household toward the down payment of an eligible affordable ownership unit.
- The property must be subject to a City-approved affordability restriction and located within the City limits.
- Assistance would be provided to income-qualified households meeting program eligibility requirements.
- The assistance would be secured by a deed of trust or other appropriate security instrument.
- Repaid funds would become available for future down payment assistance, creating a revolving source of funding for affordable homeownership.
- The program would be coordinated with the primary lender and any other applicable down payment assistance programs to ensure the City's assistance is compatible with the primary mortgage.

- Final eligibility requirements, loan terms, underwriting standards, affordability restrictions, resale requirements, repayment provisions, and administrative procedures would be developed in consultation with the City Attorney.

The City would not provide assistance for unrestricted market-rate homes. The program would be specifically targeted toward the purchase of deed-restricted affordable ownership units so that the City's investment supports the long-term preservation and availability of affordable homeownership opportunities.

The City has previously offered down payment assistance to income-qualified households; however, the program experienced challenges in identifying eligible purchasers of homes available on the open market. The combination of low- and moderate-income eligibility requirements and Capitola's high home prices significantly limited the pool of households who could both qualify for assistance and afford an available market-rate home. As a result, identifying a qualified buyer and an eligible property was often a highly selective process, with relatively few opportunities meeting all program requirements. The new proposed program is intended to address this challenge by focusing assistance on deed-restricted affordable ownership units, where the purchase price is established to be affordable to qualifying households, rather than relying on the availability of appropriately priced market-rate homes.

The upfront cost of purchasing a home can be a significant barrier even for households that have sufficient income to make monthly mortgage payments. For an affordable ownership unit, a household may qualify for a mortgage but still lack sufficient funds for the required down payment, closing costs, or other initial costs associated with purchasing the home. A relatively modest public investment can therefore help bridge the gap between a household's available resources and the amount needed to complete a purchase. The proposed maximum \$25,000 loan is intended to provide meaningful assistance while allowing the City to assist multiple households over time as loan proceeds are repaid.

A revolving loan structure allows the City to use its Housing Trust Fund investment more than once. Rather than providing a one-time grant that leaves the Housing Trust Fund when a home is purchased, the City's assistance would be secured by the property. When the property is sold, refinanced, transferred, or otherwise triggers repayment under the final program documents, the City's loan would be repaid pursuant to the applicable loan agreement.

The proposed program would be limited to deed-restricted affordable ownership units. This requirement is important because the City's financial assistance would be used to support a housing unit that is subject to an affordability restriction rather than providing public assistance toward an unrestricted market-rate property. The final program documents will establish the applicable affordability requirements, income restrictions, resale requirements, occupancy requirements, and other provisions necessary to ensure that the assisted unit remains affordable in accordance with the applicable affordability restrictions.

The City Attorney will assist staff in developing the appropriate regulatory agreement, deed restriction, deed of trust, loan agreement, and related documents.

Fiscal Impact: The Affordable Housing Down Payment Assistance Program was included in the FY 2026/27 budget with \$40,000 in funds appropriated through the City's Housing Trust Fund special revenue source to assist one household and up to \$15,000 in funds for legal administrative costs to set up the program. The program would not require a new General Fund appropriation at this time.

Because the proposed assistance would be structured as a revolving loan, repayment of the City's loans would replenish the Housing Trust Fund and allow funds to be used for future eligible down payment assistance.

Alignment with 2025-2029 Strategic Plan Priority: Attainable Housing; Healthy Families, Community, and Environment

Report Prepared By: Katie Herlihy, Community and Economic Development Director

Reviewed By: Lesley Milton, Interim City Clerk

Approved By: Jamie Goldstein, City Manager

Down Payment Assistance Program



Down Payment Assistance Program



Background

Housing Element Program 4.3: Homebuyer Assistance

Recognizes homeownership is beyond reach of many lower- and moderate-income households, especially first-time homebuyers.

Goal: Assist 5 households during current housing cycle

Down Payment Assistance Program



Proposed Qualifications

1. Income-qualified buyers

Very Low Income (less than 50% AMI)

Low Income (50% - 80% of AMI)

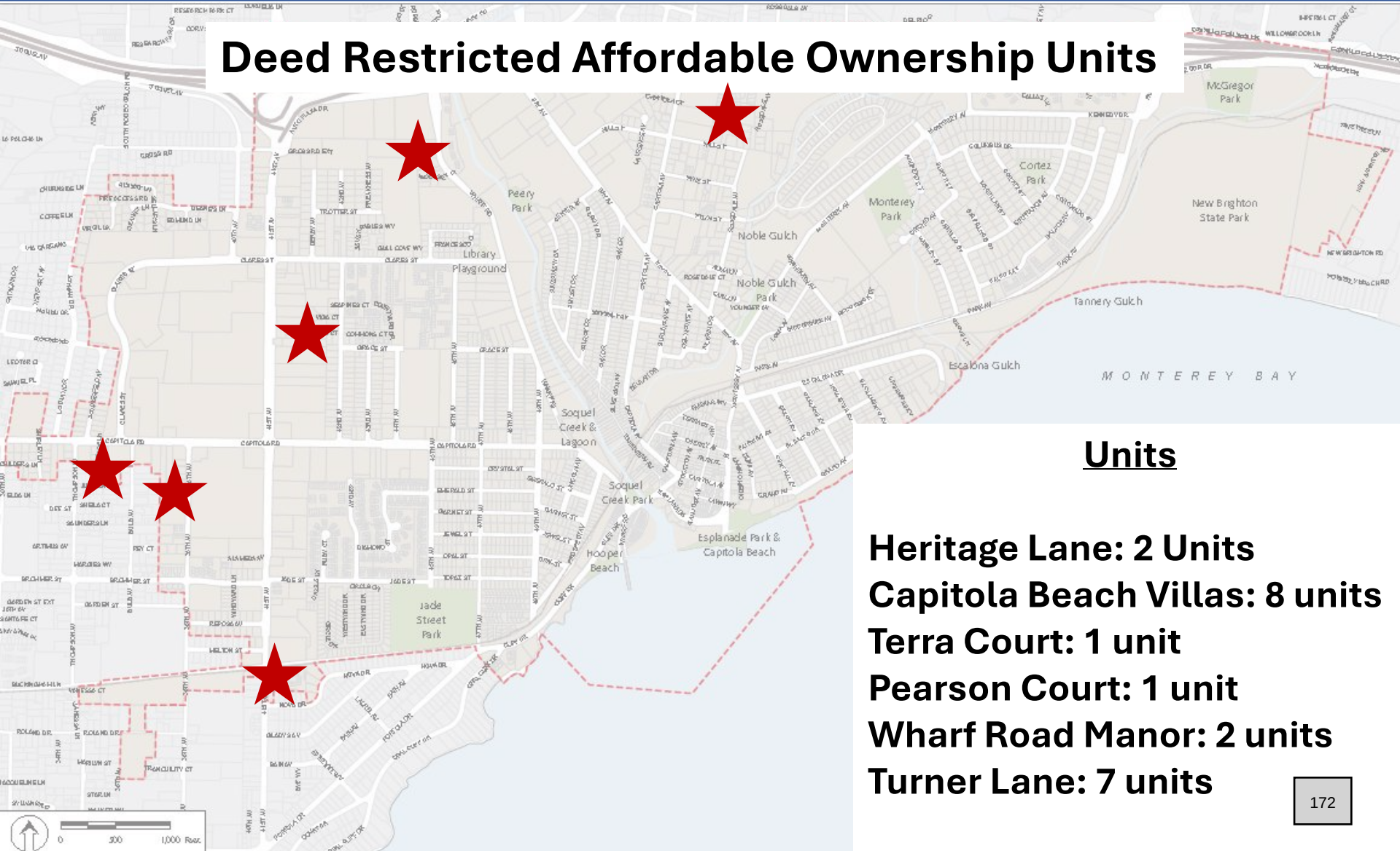
Median Income (80-120% of AMI)

2. Purchasing a deed-restricted affordable ownership units

Down Payment Assistance Program



Deed Restricted Affordable Ownership Units



Units

Heritage Lane: 2 Units
Capitola Beach Villas: 8 units
Terra Court: 1 unit
Pearson Court: 1 unit
Wharf Road Manor: 2 units
Turner Lane: 7 units

Down Payment Assistance Program



Funding

\$25,000 per eligible household toward down payment

Assistance secured by a deed of trust

Revolving Fund: Repaid funds available for future down payment assistance

Low Interest Rate

\$55,000 budgeted in Affordable Housing Trust Fund

Down Payment Assistance Program



Why only include AH Inclusionary Units?

Program specifically targeted for purchase of City's deed-restricted affordable ownership units.

Investment supports the long-term preservation and availability of affordable homeownership opportunities.

City previous DPA to low/moderate income households

- Challenges in eligible purchasers on open market.
- Combination of income eligibility & high home prices significantly limited.

Down Payment Assistance Program



Recommended Action:

Authorize staff to develop an Affordable Housing Down Payment Assistance Program to provide financial assistance toward the purchase of deed-restricted affordable ownership housing in the City of Capitola, with final program guidelines in a format approved by the City Attorney.

Capitola City Council

Agenda Report

Meeting: September 24, 2026

From: City Manager Department

Subject: Consider a Resolution of Opposition to California State Proposition 43



Recommended Action: Receive a report and either 1) Adopt a resolution opposing Proposition 43; or 2) Take no formal position on Proposition 43

Background: Capitola City Council has a long history of evaluating statewide ballot and fiscal measures that directly impact local voter authority, community safety, and long-term municipal revenue stability. During the regular City Council meeting on August 27, 2026, Council Members Orbach and Westman requested that this item be brought before Council for consideration.

Historically, the City Council has taken formal positions on multiple state and local fiscal protections:

- January 8, 2004: Council supported the *Local Taxpayers and Public Safety Protection Act* to protect municipal funding from state-level cuts.
- September 23, 2004: Council backed *Proposition 1A*, which permanently insulated property tax, sales tax, and vehicle license fee revenues from state adjustments.
- February 11, 2010: Council supported the *Local Taxpayer, Public Safety, and Transportation Protection Act of 2010* to prevent the state from borrowing or diverting restricted local funds.
- October 14, 2010: Council adopted Resolution No. 3837 opposing *Proposition 23*.
- April 25, 2024: Council adopted Resolution No. 4363 opposing *Initiative #21-0042A1* (the California Taxpayer Protection and Government Accountability Act) due to its restrictive rules on local tax authority.

Discussion: On November 3, 2026, California voters will decide on California Proposition 43, a legislatively proposed constitutional amendment (ACA 22) that would change the voter-approval requirements for local special taxes.

Beginning January 1, 2027, Proposition 43 would require all local special taxes to receive approval from two-thirds of the voters voting on the tax, regardless of whether the measure is placed on the ballot by a local governing body or through the local initiative process. The measure would also prohibit a local government, including its electorate acting through the initiative power, from imposing a property tax except as permitted under existing constitutional provisions.

If passed, this measure would amend the state constitution to change how citizen-led special taxes are approved. Under current law, the approval threshold for a local special tax depends on how the measure reaches the ballot. Currently, a special tax proposed by local governments requires a supermajority vote, while citizen-initiated special tax initiatives require only a simple majority vote. Beginning January 1, 2027, Proposition 43 would permanently raise the threshold for all future citizen-proposed local special taxes to a two-thirds (66.67%) vote.

The official state ballot summary clarifies the choices:

- Yes Vote: Citizen-initiated local special government taxes will require a two-thirds approval threshold to pass.

- No Vote: Citizen-initiated local special taxes can continue to be enacted with a simple majority vote.

Proposition 43 would operate prospectively and would not repeal or reduce existing real property transfer taxes, invalidate existing voter-approved special taxes, limit documentary transfer tax rates, or create a deadline for local governments to eliminate existing taxes. The result is a new constitutional restriction on future local revenue measures by requiring two-thirds approval for voter-initiated special taxes that may pass by majority vote under current law.

Potential Impact on Capitola

As of September 16, 2026, the League of California Cities is formally recommending that cities oppose Proposition 43. An article outlining the basis for opposition is Attachment 1.

Proposition 43 would not directly reduce or eliminate existing city revenues. Current real property transfer taxes, parcel taxes, and other voter-initiated special taxes would remain in effect. Its fiscal effects would instead arise when future voter-initiated special taxes receive majority support but fall short of the new two-thirds threshold.

The statewide amount of foregone revenue cannot be reliably estimated because it would depend on the number, structure, tax base, and election results of future local measures.

For the City of Capitola, the chief concern centers on municipal revenue flexibility. Restricted local special taxes are historically difficult to pass under supermajority mandates. Proposition 43 expands the application of this higher bar to grassroots, voter-proposed initiatives starting in 2027.

Any direct fiscal impact on Capitola remains unknown. Future potential City funding reductions due to passage of Proposition 43 would depend on whether City residents ever seek to advance voter-proposed special tax measures and whether those measures gain majority support but fall short of a two-thirds threshold.

Additionally, Proposition 43 may also influence how future revenue measures are structured. Communities may favor general taxes, which remain subject to majority approval, over special taxes dedicated to specific purposes. Although this may preserve a path to revenue, it would prevent voters from legally restricting the funds to the program identified in the measure and could place additional demands on a city's general fund.

Public Purpose Served & Proposed Actions

Stating a formal position on Proposition 43 fulfills the public purpose of defining the City's stance on state interventions that affect local control. If the Council determines that preserving simple-majority rule for citizen initiatives safeguards local fiscal agility, it may adopt the League of California Cities proposed resolution (Attachment 2).

Alternatively, the Council may choose to remain neutral and decline to take a formal stance.

If the Council proceeds with opposition, the proposed resolution is attached.

Fiscal Impact: Direct fiscal impact is unknown; future City funding impacts would depend on if citizen-proposed local special taxes fail due to Proposition 43 supermajority mandates.

Attachments:

1. League of California Cities (CalCities) Opposition article
2. Proposed Resolution

Alignment with 2025-2029 Strategic Plan Priority: Responsible Government

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager; Marc Tran, City Attorney

Reviewed By: Lesley Milton, Interim City Clerk

Approved By: Jamie Goldstein, City Manager

RESOLUTION NO. XXX**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA OPPOSING
PROPOSITION 43 AS IT LIMITS VOTERS' ABILITY TO RAISE REVENUES FOR
LOCAL GOVERNMENT SERVICES**

WHEREAS, communities across California have been coming together to pass local ballot measures to provide critical funding for fire and wildfire prevention, local roads, libraries and parks as well as housing and alleviating homelessness; and

WHEREAS, proposition 43 on the November 3, 2026 statewide ballot, limits voters' ability to raise revenues to fund local services; and

WHEREAS, beginning January 1, 2027, Proposition 43 would raise the percentage of votes needed to approve any new, increased, or extended local special taxes proposed by the voters; and

WHEREAS, under Proposition 43, when voters place measures on the ballot to fund specific local services, opponents would only need one-third (33.4%) of the vote to block it; and

WHEREAS, if Proposition 43 had been the law, California communities would not have been able to raise nearly \$3 billion in revenue every year that funds firefighters and 911 response, childcare, homelessness solutions, street repairs, parks and libraries; and

WHEREAS, Proposition 43 does not cut taxes. It limits local voters' power to raise revenue to fund local services; and

WHEREAS, the measure is opposed by a broad coalition of local governments, including the League of California Cities, nurses, teachers and school employees, firefighters, and law enforcement; and

THEREFORE, BE IT RESOLVED that the City of Capitola opposes Proposition 43 on the November 2026 statewide ballot; and

BE IT FURTHER RESOLVED, that we direct staff to email a copy of this adopted resolution to the League of California Cities at BallotMeasures@calcities.org.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 24th day of September, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Margaux Morgan, Mayor

ATTEST: _____
Lesley Milton, Interim City Clerk

Minority rule in California? How Proposition 43 would tie the hands of local governments

BY SANDRA LOWE
AUGUST 11, 2026



Firefighters at the Park Fire command post in Chico on Aug. 2, 2024. Sonoma County voters passed Measure H that year to help fund emergency services. Photo by Florence Middleton, CalMatter

California voters will get to decide in November if it should be harder to pass tax measures at the local level. Below, a city councilmember from Sonoma believes [Proposition 43](#) enables minority rule, making it harder to fund vital government functions. The opposing view: An anti-tax advocate [says Prop. 43 solidifies a constitutional amendment passed decades ago](#) that the courts muddled.

Sometimes things that sound simple are not.

Let's take [Proposition 43](#). Buried in the list of ballot questions this November that could shape our tax code and California's progress is an effort to strike a blow to the most fundamental democratic principle which guides our local governments' decisions: majority rule.

Local government is elected by majority, pass policy by majority, approve construction projects by majority and, yes, pass taxes by majority.

Prop. 43 raises the threshold for local tax measures from a simple majority to two-thirds, allowing the minority to win. It must be rejected.

In Sonoma County, one of the highest fire-risk areas in California, citizens passed [Measure H](#) in 2024. Measure H raises revenue through a half-cent sales tax to support emergency services. The dedicated funding ensures sustainable fire response, expanded paramedic availability and aggressive wildfire prevention.

In addition to my role as a Sonoma city councilwoman, I serve on the Measure H oversight committee.

Last year we were able to expand 24/7 emergency medical response teams, implement vegetation management, provide emergency response during flooding, update fire engines, provide more protective gear, install new technologies to im

firefighting capabilities and initiate community education programs.

If Prop. 43 was law two years ago, none of that would have happened — even with almost [62% of the vote](#).

The largest portion of local budgets is public safety. Fire, sheriff and police services are the basics. We don't have to look too far in our recent history to find catastrophic events which demanded the expert heroic services of our first responders.

No one wants to see response times increase. No one wants to surplus an ambulance or a fire engine. Sonoma County, Altadena, Pacific Palisades — these are not rarities in a world where climate disasters are frequent.

Local governments must not lose the ability to fund vital functions.

The broad range of services Californians are accustomed to receiving could be slashed. Prop. 43's unfair threshold would have doomed measures such as Alameda County's 2025 [measure for healthcare funding](#) and Santa Clara's June [measure for open space preservation](#).

Citizens have high expectations for local government. They expect us to deliver a wide range of services. Prop. 43 would tie the hands of local governments statewide, allowing a slim minority to determine the outcomes of ballot issues and disenfranchise voters. Prop. 43 would take us backward and begin round after round of service cuts, potentially making California less protected from disasters and more vulnerable to crime.

Majority rule is the basis of our democracy and a hallmark of a free society. Let's not go backward.



Consider Opposing Proposition 43

September 24, 2026

Recommended Action:

Receive a report and either:

- 1) adopt a resolution opposing Proposition 43
- 2) take no formal position (no action required)

Background

- August 27, 2026: Council Members Orbach & Westman requested this item
- City Council has previously evaluated and taken formal positions on statewide ballot measures
 - 2004: supported Local Taxpayers and Public Safety Protection Act & subsequent Proposition 1A
 - 2010: supported Local Taxpayer, Public Safety, and Transportation Protection Act of 2010
 - 2010: opposed Proposition 23
 - 2024: opposed CA Taxpayer Protection & Government Accountability Act

Proposition 43:

- Legislatively proposed constitutional amendment: would change voter-approval requirements for local special taxes
 - November 3 ballot
- Would require all local special taxes receive approval from two-thirds of voters regardless of whether measure is placed on ballot by a local governing body or through local initiative process
 - Current threshold for local initiative (citizen-led) special taxes is simple majority

To Simplify, Ballot States:

- **Yes Vote:** Citizen-initiated local special government taxes will require a two-thirds approval threshold to pass.
- **No Vote:** Citizen-initiated local special taxes can continue to be enacted with a simple majority vote

League of CA Cities recommends that cities oppose Proposition 43

Potential Impact on Capitola

- Reduced City revenue flexibility:
 - Restricted local special taxes are historically difficult to pass under supermajority mandates. Proposition 43 expands the application of this higher bar to grassroots, voter-proposed initiatives
- Communities may favor general taxes (remain subject to majority approval), preventing voters from legally restricting funds to identified programs

Recommended Action:

Ask questions, discuss, go to public comment, and either:

- 1) Adopt a resolution opposing Proposition 43
- 2) Take no formal position (no action required)