

# City of Capitola Special City Council Meeting Agenda Monday, February 23, 2026 – 5:30 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

## Special Meeting of the Capitola City Council – 5:30 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. 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 Friday preceding the Council Meeting will be distributed to Councilmembers to review prior to the meeting. Information submitted after 5 p.m. on that Friday may not have time to reach Councilmembers, nor be read by them prior to consideration of an item.*

A. Item 4A - Staff Memorandum with Correction to Table 4 & Correspondence Received

### 3. 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.*

### 4. Public Hearings

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

A. Capitola Mall and Objective Standards Zoning Code Amendments  
Recommended Action: 1) Adopt a resolution amending the General Plan Land Use Element; 2) introduce for first reading, by title only, waiving further reading, an ordinance amending Capitola Municipal Code Title 17: Zoning; and 3) adopt a resolution authorizing submittal to the California Coastal Commission for the certification of an amendment to the Local Coastal Program.

### 5. Adjournment

*The next regularly scheduled City Council meeting is on February 26, 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

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

Meeting

link: <https://us02web.zoom.us/j/83328173113?pwd=aVRwcWN3RU03Zzc2dkNpQzRWVXAydz09>

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

Meeting ID: **833 2817 3113**

Meeting Passcode: **678550**

### **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@ci.capitola.ca.us](mailto:citycouncil@ci.capitola.ca.us) and they will be included as a part of the record for the meeting. Please be aware that the City Council will not accept comments via Zoom.

**Notice regarding City Council: The City Council regularly 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 [jgautho@ci.capitola.ca.us](mailto:jgautho@ci.capitola.ca.us).**

**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.**



## Community & Economic Development Department

### Memo

To: City Council

From: Katie Herlihy, Community and Economic Development Director

Date: February 23, 2026

Subject: Item 4A – Capitola Mall an Objective Standards Zoning Code Amendments – Correction to Staff Report Table 4 and Additional Information regarding a Public Safety Floor Area Exemption

Following publication of the agenda packet, staff found an error in Table 4 of the report. This memo is intended to correct *Table 4: Fiscal Impact Analysis* within the staff report and provide additional information regarding a Public Safety floor area exemption.

#### Table 4 Correction

The Projected Net Impact of Tier 3B was incorrectly listed as \$431,270. The correct amount is \$760,215 as highlighted in the following updated table:

**Table 4: Fiscal Impact Analysis on MGP Mall Redevelopment**

	Redevelopment Scenarios			
	Tier 1	Tier 2	Tier 3A	Tier 3B
<b>Development Assumptions</b>	48 du/ac	48 du/ac	53 du/ac	53 du/ac
New Units	1,256	1,256	1,326	1,326
Specialty Retail	0	30,000 sf	40,000 sf	40,000 sf
General Retail	0	0	0	160,000 sf
New Hotel	0	85 rooms	125 rooms	0
Meeting Space	0	3,000 sf	4,000 sf	0
<b>Fiscal Impact</b>				
Annual Cost - Adjusted Kosmont	\$1,225,509	\$1,225,509	\$1,293,810	\$1,293,365
Annual Revenue Increase	\$448,840	\$1,496,277	\$1,981,392	\$2,053,580
Projected Net Impact	\$(776,669)	\$270,768	\$687,583	<b>\$760,215</b>

**Public Safety Floor Area Exemption**

Staff recently met with the Central Fire District of Santa Cruz County to discuss the need for a better station location. The approximately 46-acre Capitola Mall property presents a potentially ideal opportunity to improve response times, decrease risks associated with flooding, and strategically serve a future mixed-use development at the Capitola Mall site. Staff discussed the possibility of incorporating an incentive within the proposed Zoning Code updates to accommodate a station on a portion of the site by exempting the floor area of a public safety facility from applicable floor area calculations. This approach would ensure that the developer does not forfeit otherwise developable building area while providing a substantial community benefit in the form of enhanced public safety services. At the Special City Council Meeting held on February 23, 2026, staff will present a slide recommending an amendment to the draft code to include public safety facilities as an exception to floor area requirements.

**Gautho, Julia**

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**From:** Heidi <Heidy@cwo.com>  
**Sent:** Wednesday, February 18, 2026 6:22 PM  
**To:** City Council  
**Subject:** Special Meeting February 23, 2026

Dear Mayor and Councilmembers,

I am writing regarding the February 23 special meeting, Item 4A (Capitola Mall and Objective Standards Zoning Code Amendments). My comments are offered on procedural grounds only. As I have stated in prior matters, I consistently advocate for a clean and defensible process, which is essential to sound public policy and public trust. When governance standards are not carefully observed, decisions can be undermined and exposed to unnecessary legal risk.

With respect to the Capitola Mall item, I request Councilmember Orbach recuse due to her spouse's complaint/request for technical assistance to the California Department of Housing and Community Development regarding the City's housing element compliance.

Elected officials have a duty to uphold both the appearance and reality of fairness in policy decisions. Given the direct relationship between the HCD complaint and the broader housing compliance issues that frame this site's future development, participation by a councilmember whose spouse has initiated state action raises legitimate concerns about impartiality and potential conflict.

This request is not a judgment of intent, but rather a recognition that public confidence in the integrity of this process is paramount. If recusal does not occur, any party dissatisfied with the outcome may assert procedural bias as a basis for challenge, exposing the City to avoidable legal vulnerability.

The Capitola Mall site represents one of the most consequential planning decisions before this Council. It deserves a process that is above reproach and insulated from claims of unfairness.

Best Regards,

Heidy Kellison

**Gautho, Julia**

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**From:** Bob Edgren <agren7@yahoo.com>  
**Sent:** Thursday, February 19, 2026 10:21 AM  
**To:** City Council  
**Subject:** The mall project

**Has anyone bothered to contact the sanitation district? I have and we are ill equipped to handle hundreds of units discharging sewage 24/7, not to mention the jamming of already packed adjacent streets. It's madness. It's wrong.**

Things are moving way too fast on the mall proposal and it's time to slam on the breaks and free ourselves from the State density housing program. There are methods to confront this rape of Capitola. That's where heads should be act. I am sorry for the developers who purchased the mall, but that's exactly what they did, they purchased a regional shopping center with the nod from some city officials that the zoning could be changed. And it was, a big mistake.

Let's do it right, get this on the ballot for a people's taxpayer's vote. Let's see how the people feel, in the meantime cram legal action against high density housing!

Robert Edgren  
A Capitola property owner since 1975



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**[PDF] 2-23-2026 Special Meeting**

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**From** vlsmith@sbcglobal.net <vlsmith@sbcglobal.net>

**Date** Sat 2/21/2026 11:39 AM

**To** City Council <citycouncil@ci.capitola.ca.us>

 1 attachment (35 KB)

Feb 2026 Special Council Comments.pdf;

I am unfortunately not able to attend the Special Council Meeting on Feb. 23 due to family business that requires me to be in Texas. I am providing my comments in writing rather than in person for that reason. I designed these comments to be 3 minutes or less in length, and request that they be read aloud for the Public to hear during Public Comments on Item 4a. (NOTE: I am including the comments below as well as attaching them in a separate document.)

Dear Mayor, Councilmembers, and Staff – I am Linda Smith, former Planning Commissioner and long-time Capitola resident who could not be here this evening.

I have attended several public hearings regarding the redevelopment of the Mall property. In order to support our State Certified Housing Element and encourage feasible developer engagement, it is my understanding that tonight you will be voting on the adoption of changes to the Municipal Code and General Plan, including objective design standards specific to the Mall property.

My message is clear: Capitola needs the Mall property to redevelop in a way that provides economic stability and future growth. We need the Mall property to redevelop NOW! While an asset to the community in several ways, it has been underutilized and a non-contributor to Capitola's economic growth for many years.

Our Community & Economic Development team have worked diligently with the property owners and State Agencies to identify objective design standards that, when adopted, will provide a clear path for FEASIBLE development, with incentives to include hotel and retail facilities to optimize economic results for the City.

Our Council established an ad hoc committee to further engage with the property owners in an attempt to understand their development requirements and level of commitment. There is no project nor outline of a project on the table at this time.

The Public has been informed and engaged.

In your deliberations and decision making during the Special Meeting I ask that you:

- Think FORWARD. The world of retail is changing, and has changed. Developers are looking at dollars per square foot ROI and future growth potential. TOT revenue is growing in it's value to municipalities in CA, and Capitola is a destination city! We want to incentivize the developer to give us a significant hotel benefit with meeting space.

- Tough decisions have to be made. The Planning Commissioners deliberated energetically, and came to the right recommendation. It is now in your hands to confirm that what you have before you is a thoroughly vetted proposal with supporting evidence. Options for the developer are clear, and feasible development is evident.
- We must maintain our Housing Element Certification and move forward. Please don't inject further delays into this process.

Thank you.

Linda Smith vlsmith@sbcglobal.net

Life is short -- Break the rules!

Forgive quickly..

Kiss slowly..

Love truly..

Laugh uncontrollably..

And never regret anything that make you smile!

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- We must maintain our Housing Element Certification and move forward. Please don't inject further delays into this process.

Thank you.

 Outlook

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**[PDF] Agenda Item 4 - Capitola Mall Zoning amendments**

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**From** Santa Cruz YIMBY <santacruzylimby@gmail.com>

**Date** Sat 2/21/2026 2:24 PM

**To** City Council <citycouncil@ci.capitola.ca.us>

**Cc** Herlihy, Katie (kherlihy@ci.capitola.ca.us) <kherlihy@ci.capitola.ca.us>; hello@santacruzylimby.org <hello@santacruzylimby.org>

 1 attachment (122 KB)

Santa Cruz YIMBY input on Capitola Mall Zoning Code - Agenda 4.pdf;

Mayor, Vice-Mayor and Councilmembers,

Please find attached Santa Cruz YIMBY's input on agenda item 4 regarding Capitola Mall zoning amendments,

Thank you all for your service and commitment to the community.

Thank you,

Rafa Sonnenfeld

Janine Roeth

Volunteer Leads, Santa Cruz YIMBY



To: Capitola City Council  
 From: Santa Cruz YIMBY  
 Date: February 21, 2026  
 Re: Capitola Mall Zoning Code Amendments - Agenda item #4

Dear Mayor, Vice-Mayor and Councilmembers,

Santa Cruz YIMBY advocates for abundant housing at all levels of affordability to meet the needs of a growing economy. The redevelopment of the Capitola Mall represents a unique opportunity to address our regional housing crisis while bringing people closer to services and jobs, strengthening our local economy. We appreciate the extensive deliberations by the Planning Commission and participated in nearly every public hearing regarding the Capitola Mall zoning changes, identifying various technical issues throughout the process. At this time, we are focused on two critical points to ensure the final ordinance is consistent and effective:

**Inclusion of All Mall Parcels (Program 1.7)** The current draft excludes two specific parcels (APNs 034-261-07 and 034-261-52) within the Mall's footprint from these new objective standards. This appears to be in direct conflict with Housing Element Program 1.7, which explicitly defines the "Capitola Mall" as all properties bounded by Clares Street, 41st Avenue, and Capitola Road. To ensure the Mall can be redeveloped as a cohesive project, these parcels should be included under the same objective standards as the rest of the site. Maintaining consistency with established definitions respects the public process and provides the certainty housing providers need.<sup>1</sup>

**Mixed-Use Village and Industrial Zones** With the strikeout proposed for 17.82.020 (B) (1)<sup>2</sup>, the Mixed-Use Village (MU-V) and Industrial zones are now subject to the multifamily objective standards. Unlike the Mall, the impact on these zones has not had the Planning Commission or community discussion necessary to understand this proposed change. A cursory look suggests some existing multi-family buildings in the Village would not meet the requirements as currently written. Furthermore, including these zones introduces additional layers of review, such as Coastal Commission oversight, which are not applicable to the Mall parcels. We recommend maintaining the existing language to keep the administrative path for the Mall

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<sup>1</sup> The resolution before you says "the Capitola Mall property includes the properties located between Clares Street, 41st Avenue, and Capitola Road" and further describes amendments and objective design standards for "Capitola Mall property" with no exclusion of parcels.

<sup>2</sup> 17.82.020 (B) (1) has the following proposed modification: "The standards in this chapter apply in all zoning districts except for the single-family (R-1) and, mobile home (MH), ~~mixed use village ((MU-V), and industrial (I) districts.~~"

project clear and straightforward, allowing the community and Council the time needed to fully vet the impacts on the Village and Industrial areas at a later date.

**Recommendations:**

We respectfully request that the City Council at the February 23rd meeting:

- Advise staff to remove the exclusion of parcels (APNs) 034-261-07 and 034-261-52 from the zoning update. This is achieved by removing the definition and reference to “Capitola Mall Housing Element Sites” in three places (17.160.020, 17.24.035 (D)(1) and footnote [7] for Table 17.24-1)
- Remove the strikeout of Section 17.82.020(B)(1). This maintains the existing code for the Village and Industrial zones, giving the Council and the community the time needed to fully understand the impacts at a later date.

The community is ready for a revitalized Capitola Mall and the new homes it will provide. We all know the developer is eager to move forward. We urge you to approve these amendments with the corrections noted above to get shovels in the ground without further delay.

Thank you for your service and commitment to the community.

Sincerely,  
Rafa Sonnenfeld  
Janine Roeth  
Volunteer Leads, Santa Cruz YIMBY

*Santa Cruz YIMBY Mission: We envision a community where our neighbors of all ages, cultures, abilities, and incomes, can make Santa Cruz County their home. In response to the ever-increasing cost of living, we advocate for more affordable housing to meet the needs of our community. Santa Cruz YIMBY is a chapter of YIMBY Action, a 501(c)(4) nonprofit organization.*

**Gautho, Julia**

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**From:** Clark Cochran <clark.e.cochran@gmail.com>  
**Sent:** Monday, February 23, 2026 11:27 AM  
**To:** City Council  
**Subject:** "Mall" Plans

Dear Mayor and City Council -

I, like many (most) Capitola residents, believed we would have a mall with residential apartments when the existing mall was redeveloped. Under the currently proposed development plans this is NOT true. It will be a new apartment complex only - a city within a city, increasing our population by 20+% and isolated from the rest of the city. Zoning restrictions are the only way Capitola can achieve at least a modest improvement in the developers current plan.

First we must have a hotel with meeting space and it must be operational prior to the mall's destruction. This is a fiscal requirement. You, our city council, must explain to all residents that without a hotel Capitola must raise taxes by a specific amount and reduce services, again with specifics listed. No surprises after the fact. Keeping a modest amount of retail would benefit this new apartment city and, if we know why residents travel to San Jose, Watsonville, and Marina for goods, brands, and services, maybe some of these companies can become part of a smaller mall. Leverage zoning height and area rules to achieve these priority goals, as they are our only leverage. Citizens must be made aware of the current situation and the city council must do everything possible to at least put a little lipstick on this pig.

- Clark Cochran  
Capitola Full Time Resident

**Gautho, Julia**

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**From:** Jamas Gwilliam <jgwilliam@merlonegeier.com>  
**Sent:** Monday, February 23, 2026 1:31 PM  
**To:** City Council; Herlihy, Katie (kherlihy@ci.capitola.ca.us)  
**Subject:** [PDF] MGP Comment Letter 022326 Item 4.A  
**Attachments:** MGP Comments Letter 022326 CC Mtg.pdf

Dear Ms. Herlihy, Honorable Mayor and Members of the Capitola City Council,

Please find attached our comment letter related to Item 4.A on the agenda for this evening. I appreciate your attention to the various items that we have addressed.

See you this evening,

Jamas Gwilliam  
Managing Director



4365 Executive Drive  
Suite 1400  
San Diego, CA 92121

Tel: 858 / 259 / 9909  
[www.MerloneGeier.com](http://www.MerloneGeier.com)

FEBRUARY 23, 2026

**BY ELECTRONIC EMAIL**

Katie Herlihy  
Community and Economic Development Director  
City of Capitola  
420 Capitola Avenue  
Capitola, CA 95010

**Re: Proposed General Plan and Zoning Code Amendments Relating to Capitola Mall;  
February 23, 2026, City Council Item 4.A**

**Dear Ms. Herlihy;**

On behalf of Merlone Geier Partners (MGP), I would like to express our continued commitment to the revitalization of the Capitola Mall into a vibrant, mixed-use destination that serves the residents and visitors of Capitola. While we appreciate the City's efforts to establish a regulatory framework for this redevelopment, we are writing to highlight several critical discrepancies between our requested edits and the final Zoning Code Amendments that were recommended by the Planning Commission.

Throughout this process MGP has provided feedback to staff and the Planning Commission through the lens of economic feasibility and operational success if a project were to move forward in reliance upon this zoning code update. MGP has been transparent in looking for win-win outcomes notwithstanding that the City's discretion to control future housing development projects on the site or to extract other concessions from MGP as largely circumscribed by the approved Housing Element and State law. We are, for example, conceding to the application of a new affordable housing obligation (not evaluated in the Housing Element) for rental units that does not apply to any other property in the City and would have substantial cost and feasibility ramifications to any future housing project on the mall property.

Considerable progress has been made, but the following additional adjustments are mentioned here for the City Council's consideration. Our comments relate to the new objective design standards applicable to only our property. It is essential that these items are addressed both to ensure project viability, and also due to the fact that this draft ordinance includes a provision that purports to exclude any project that does not strictly comply with these new standards from eligibility under

State housing streamlining laws, subject only to potential relief through waivers or concessions under the State Density Bonus Law. (§17.57.040(B).)

### **1. Dedicated Affordable Land Incentive**

In light of the above-mentioned more stringent requirement related to affordable housing on the mall property, we request making a Code addition to exempt deviation requirements where affordable units that would otherwise qualify for concession/incentive/waiver are proposed in a future 100% affordable building on dedicated land.

To accomplish this we request an addition to the Deviations section along the following lines: “Where a project proposes to comply with inclusionary requirements through dedication of land pursuant to 17.24.035(D)(8)(b), such project shall not require a deviation pursuant to this Section for any development standard that would not apply due to a concession, incentive, or waiver pursuant to the Density Bonus Law. For purposes of applying the foregoing exception to the deviation requirement, the maximum number of affordable units that could be accommodated in the future on the dedicated land shall be deemed to qualify for a concession, incentive, or waiver to the same extent as if those units were provided as inclusionary units located throughout market rate buildings.

### **2. Perimeter Zone**

The Perimeter Zone suggests that no residential buildings can be taller than 55’ for Tier 1 projects or 65’ for Tier 2 or 3 projects within 125 feet of 41<sup>st</sup>, Capitola or Clares. After the 125’ Perimeter Zone the buildings can step up to 75’ for Tier 1 and 2 projects and 85’ for Tier 3.

MGP suggests that this Perimeter Zone be reduced to 75’ from 125’. With such a significant upper building setback (as wide as the building will be tall) the upper floors will not be visible to anyone walking or driving by the site, and the added height focused on the interior of the project is important to the project’s feasibility. In a 75-85’ multifamily building, the majority of cost is in the concrete Type I podium structure; the additional units in the upper levels can help defray those costs.

### **3. Commercial Minimums**

To ensure a successful retail environment and avoid retail vacancies, MGP requested that the minimum new commercial space for a Tier 2 mixed-use project be set at 25,000 square feet. This amount was supported by the January 2026 Keyser Marsten analysis commissioned by the City, which concludes that 25,000-35,000 square feet of new commercial retail is supported by market realities. The proposed code requirements for a Tier 2 project (30,000 square feet of new commercial space) and for Tier 3 (40,000 square feet of new commercial space) risk creating unfillable space that will not contribute towards the City’s sales tax goals, while undermining the success of those retail spaces that are occupied.

If there is sufficient market demand and feasible economics to build more than 25,000 square feet of commercial retail, that additional square footage will be incorporated into a plan. Even a requirement to build 5,000 square feet of excess retail is likely to have the unintended consequence of disincentivizing the Tier 2 or Tier 3 alternatives. Our recommendation is 25,000 square feet for Tier 2 and 35,000 square feet for Tier 3, recognizing that these are minimums and these minimums can be exceeded if sufficient demand exists.

#### **4. Commercial Ground Floor Height Minimums**

We requested a 14-foot ground-floor height for non-restaurant commercial and hotel uses, which is industry standard as a minimum. In certain instances, 18 feet may be desirable, but mandating 18-foot floor-to-floor height would add significant construction costs without providing any proportional benefit to most commercial tenants.

#### **5. Density Calculation and Definition**

We agree with the language in 17.24.035 D.3.i; however, there are several nuances in 17.24.035 D.3.ii and iii that are not consistent with our discussions with staff (or with staff's note shared at the last Planning Commission meeting showing how they responded to our comments). When a city requires a dedication of property for public use, public easement or public right of way, the dedication should not reduce the land area used to calculate density. Otherwise, the physical and economic impacts to the project's development program are disproportionately negatively impacted.

The City's current draft language would remove acreage within the perimeter street frontage improvements on private land subject to a public access easement or dedication as excluded from the land area for purposes of determining density.

Instead, the Section 17.160.020 Definition of "Density" should be revised -- from "excluding," as currently drafted, to "including" -- street right-of-way, public easements, public open space, etc. in the land area for purposes of calculating the allowed number of dwelling units per acre.

The language in 17.24.035 D.3.iv is acceptable.

#### **6. Internal Street Connectivity**

Requiring a "mall redevelopment project" to create new internal streets that provide a vehicular connection between all perimeter streets abutting the development site can only be accomplished in an incremental, phase-by-phase manner. As such we suggest that 17.57.050.2.c (1) be revised to remove the "shall" and instead provide language referencing the intent which can then be accomplished through items (2) through (8) of that same section but suggest adding the following to (8) "The City may grant an exception to the standards in this Paragraph b (Internal Street

Connectivity) in cases where existing structures, leases, controls, property under separate ownership, or improvements physically preclude compliance with these standards.”

## 7. Bike Circulation

We think it is a mistake in 17.57.050.A.2.f for a project of this scale and context wherein existing commercial retail with surface parking lots will remain to some degree to only allow sharrow lanes when streets abut ground floor commercial uses. Retailers and adjacent property owners have control over how bikes and pedestrians move through parking lots and requiring a dedicated bike lane or bike path to connect two abutting perimeter streets is unnecessary and unreasonable. Sharrows are an appropriate and commonly used alternative to move bikes through the site while not conflicting with these existing conditions.

## 8. Street Frontage Improvements

Similar to the language in the Internal Street Connectivity section, allowances should be made for deviations without Planning Commission review for situations such as where one side of a new internal street abuts an existing retail structure that is to remain regardless of whether it is “controlled by the developer” (17.57.050.A.2.h (1) (b) (such as Kohl’s, Target, Macy’s, etc.) The Street Frontage on the undeveloped side of the street should not be required until such time that that side of the street is redeveloped.

It is also unclear why there is a distinction between how Frontage Improvement dimensions are calculated between the Tier 1, 2 and 3 projects (17.57.050.A.2.h (3)(c)).

## 9. Internal Street Parking

Existing parking lots that are to remain due to existing control rights should not be subject to the requirement in 17.57.050.C.2.a.(1)(a) for Internal Streets. By their very nature, existing parking lots under existing controls cannot be altered without the approval of third parties (tenants, adjacent owners, etc.).

## 10. Hotel Street Presence

A carve out for existing surface parking lots that are to remain and be used for parking the hotel should not be required to adhere to 17.57.050.F.2.d.(1)(a). Prohibiting surface parking lots between a hotel building façade and a sidewalk is too vague and presents too much ambiguity given the context of existing surface parking lots that will have to remain at the property and be incorporated into a project design.

If the goal of the Capitola Mall zoning code amendments is to create a set of guidelines that are both "high-quality" and "economically feasible" then we believe the discrepancies outlined above need to be addressed because they move the project away from feasibility. We respectfully request that the City Council direct staff to re-evaluate these standards to better align with the practical realities of this unique property.

We look forward to continuing our partnership with the City in this important effort.

Sincerely,



James Gwilliam  
Managing Director

cc: Capitola City Council

**Gautho, Julia**

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**From:** Jennifer Colfer <jclarkcolfer@gmail.com>  
**Sent:** Monday, February 23, 2026 8:43 PM  
**To:** City Council  
**Subject:** Capitola Mall Development

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Dear City Council,

As a resident who lives in the neighborhood adjacent to the Mall I have a few comments that I would like to be included in public comment:

I think the success of the project depends on the architectural quality of the building facades and open spaces. Looking at the developments on the Merlone Geier website, I don't see any developments that reflect the unique character of region where it's built.

I don't want a bland cookie cutter development in Capitola. I strongly hope that the city can require very prescriptive design standards that ensure a high quality development that reflects the history and character of our unique region.

Open spaces for Farmer's Markets, music/theater, community gatherings etc would be a great asset to community development. I don't think 2.5% of the developed area for open space is enough.

This is our chance to leave a vibrant community asset to future generations, let's not sell out to the developer's bottom line.

Thank you for your service!

Jennifer Clark Colfer  
831.235.1886

# Capitola City Council

## Agenda Report

**Meeting:** February 23, 2026

**From:** Community and Economic Development Department

**Subject:** Capitola Mall and Objective Standards Zoning Code Amendments



**Recommended Action:** 1) Adopt a resolution amending the General Plan Land Use Element; 2) introduce for first reading, by title only, waiving further reading, an ordinance amending Capitola Municipal Code Title 17: Zoning; and 3) adopt a resolution authorizing submittal to the California Coastal Commission for the certification of an amendment to the Local Coastal Program.

**Background:** On August 22, 2024, the City Council adopted amendments to 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.

Housing Element Program 1.7 calls for the City to amend the Zoning Code to facilitate housing production on the Capitola Mall site. Specifically, this program requires the City to:

- Develop land use policies to facilitate shopping center redevelopment with a strong sense of urban design cohesion;
- Define “Capitola Mall” as all properties between Clares Street, 41st Avenue, and Capitola Road;
- Allow for building height up to 75 feet for mall redevelopment;
- Define “mall redevelopment” to mean a mix of uses that includes residential and retail/commercial components;
- Exclude parking garages from the project floor area ratio (FAR) calculations for mall redevelopment; and
- Adopt objective development standards to facilitate mall redevelopment.

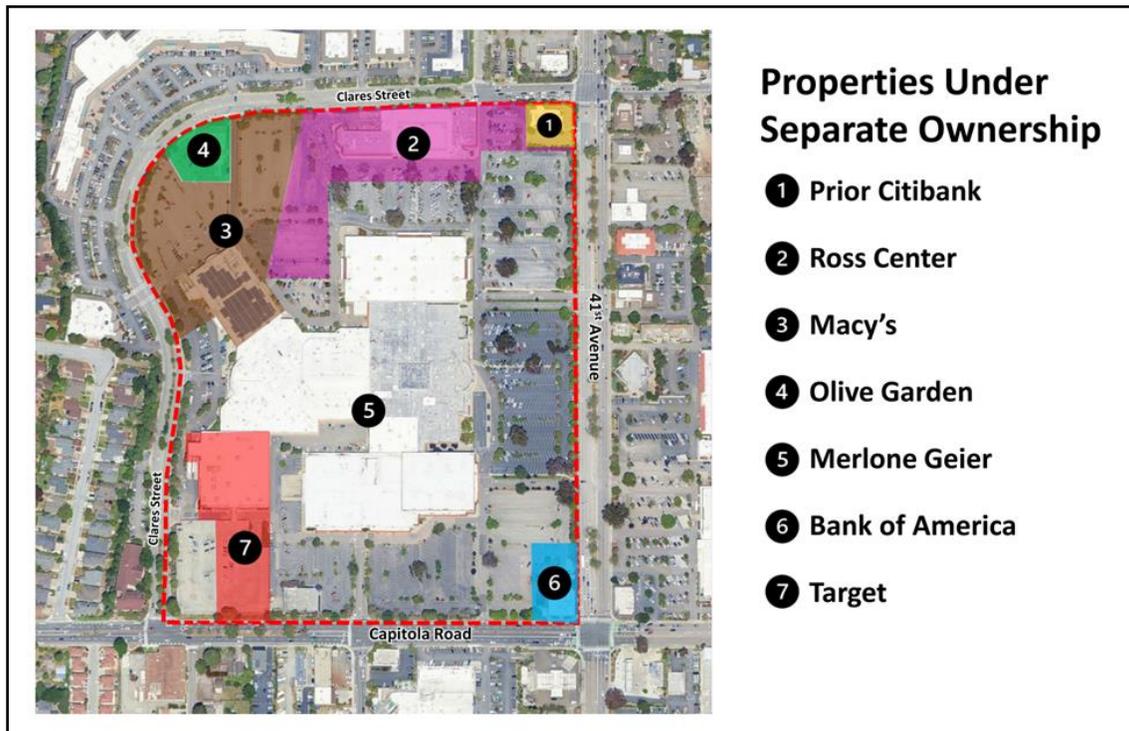
Outside of the Housing Element, the General Plan contains additional policies to guide redevelopment of the Capitola Mall site. Goal LU-8 calls for the City to “support the long-term transformation of Capitola Mall into a more pedestrian-friendly commercial district with high quality architecture and outdoor amenities attractive to shoppers and families.” Policies LU-8.1 through LU-8.5 add more specific direction on topics relating to phased mall redevelopment, parking lot redevelopment, Metro Center relocation, public gathering places, new interior streets, and other topics. To implement the Housing Element, it is necessary to update the General Plan’s Land Use Element to conform FAR requirements between the sections.

As called for in the Housing Element, the Capitola Mall Zoning Code Amendments will apply to the entire Capitola Mall property, as shown in Figure 1. The Capitola Mall property is 46 acres in size, with 14 separate parcels and seven different property owners (see Figure 2). Merlone Geier Partners (MGP) is the major property owner, controlling the enclosed mall and former Sears building (31.5 acres total). In 2019 MGP submitted a pre-application for a mall redevelopment project, which was later withdrawn due to changed economic conditions resulting from the COVID-19 Pandemic.

Figure 1: Capitola Mall



Figure 2: Capitola Mall Properties Under Separate Ownership



**Properties Under Separate Ownership**

- ① Prior Citibank
- ② Ross Center
- ③ Macy's
- ④ Olive Garden
- ⑤ Merlone Geier
- ⑥ Bank of America
- ⑦ Target

To conform to the requirements of Housing Element Program 1.7, the City must adopt Zoning Code amendments that allow for a development capacity of at least 1,777 units on the Capitola Mall property, as identified in the Housing Element sites inventory. For the portion of the Mall property under control by MGP, the Zoning Code amendments need to allow approximately 1,100 units. Attachment 7 explains the number of housing units assigned to the City of Capitola through the Regional Housing Needs Assessment (RHNA) and elaborates on the units specifically planned for at the Capitola Mall in the Housing Element sites inventory.

The Capitola Mall property is currently zoned Regional Commercial (C-R) and is subject to the development standards in Zoning Code Chapter 17.24 (Commercial and Industrial Zoning Districts). The Capitola Mall property is also eligible for increased FAR and building heights as an incentive to provide community benefits (Chapter 17.88). Multifamily and mixed-use development on the Capitola Mall property is subject to objective design standards in Chapter 17.82. These design standards, adopted in 2022, address topics such as parking placement, building entrance orientation, building massing, and façade and roof design. Housing Element Program 1.7 seeks to facilitate housing development at the Capitola Mall property by making the development review and approval process more predictable; increasing density and FAR allowed without the provisions of community benefits; and creating objective development standards that are tailored to Mall redevelopment.

Prior City Meetings: Over the past six months the City has held the following meetings regarding the Capitola Mall Zoning Code Amendments and associated actions to implement Housing Element Program 1.7:

- **August 28, 2025, and September 11, 2025**: City Council meetings to approve a work program to prepare the Zoning Code Amendments. On September 11, Council directed staff to proceed with the work program referred to as Option 1.5, which included a stakeholder meeting, a community workshop, three Planning Commission meetings, and one City Council meeting for the first reading of the ordinance.
- **October 2, 2025**: Planning Commission study session to receive background information about the Zoning Code Amendments and consider unique design considerations for a Capitola Mall redevelopment project.
- **October 8, 2025**: Community meeting at New Brighton Middle School to receive public input on a Capitola Mall redevelopment project.
- **October 29, 2025**: Stakeholder meeting with Capitola Mall property owners to review planned Zoning Code Amendments.
- **October 30, 2025**: Planning Commission study session to provide feedback on the general approach to the Zoning Code Amendments.
- **November 19, 2025**: Planning Commission meeting to provide feedback on draft Zoning Code Section 17.24.035 with development standards, land use regulations, and permit requirements for Capitola Mall redevelopment projects.
- **December 4, 2025**: Planning Commission meeting to review the second draft of Section 17.24.035 and the first draft of the new Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment).
- **January 8, 2026**: City Council meeting amending the contract with Ben Noble City and Regional Planning to account for two extra Planning Commission meetings and one extra round of revisions. The amendment also included two optional public hearings if necessary.
- **February 5, 2026**: Planning Commission meeting where a public hearing was held to consider the proposed Capitola Mall Amendments, and at this hearing the Commission recommended the City Council adopt these Amendments.

At the February 5, 2026, hearing, the Planning Commission adopted resolutions recommending the City Council adopt the General Plan Land Use Element Amendments, adopt the Capitola Mall Zoning Code Amendments, and find that the actions are exempt from CEQA.

HCD Discussions: Because of the relationship between the Housing Element and the proposed Capitola Mall Zoning Code Amendments, the State of California Housing and Community Development Division (HCD) has been involved in the Amendments' development. On January 7, 2026, at City staff's request, a meeting was scheduled with HCD to provide a progress report to HCD on the Mall zoning code updates. HCD expressed support for the ongoing work towards adopting updated development standards in collaboration with MGP as the property owner and anticipated developer.

On January 13, 2025, HCD contacted City staff to inform the City that a request for technical assistance had been filed to the state related to the proposed Capitola Mall Zoning Code Amendments and suggested meeting with staff to discuss. HCD staff and City staff met on January 27, 2026, to review the proposed Capitola Mall Zoning Code Amendments in the context of the technical assistance request. After discussion and sharing context and clarifications, HCD staff identified three topic areas where they believed further refinements would be necessary.

Following the meeting with HCD, City staff drafted responsive updates into the proposed Capitola Mall Zoning Code Amendments released as part of the Planning Commission packet on January 30, 2026. After publishing the Planning Commission agenda packet, City staff received a written response from HCD providing three specific suggested modifications to the draft Capitola Mall Zoning Code Amendments that HCD staff believed would address the three areas of concern. Staff's email and HCD's response are included as Exhibit 8.

HCD's written response outlined three issues of concern from HCD, including:

1. Section 17.24.035.E Land Use Regulations. Clarifying parameters for Conditional Use Permit (CUP) submittals for residential development.
2. Section 17.57.040(B)(2). Deviations to Objective Standards. Redundancy between deviations and state density bonus law.
3. Section 17.24.035(E)(2)(c) Fiscal Impact Analysis. Update to exempt 100 percent residential projects and ensure FIA cannot be used to justify a reduction in the residential units/residential floor area in a proposed project.

In a memorandum provided to the Planning Commission on February 3, 2026, City staff identified further modifications to the Zoning Code Amendments in response to HCD's January 30<sup>th</sup> written communication for Items 1 and 3 identified above. HCD's direction regarding Item 2 was fully addressed in staff's January 30, 2026, draft, and no further revisions were proposed in response to this comment. These modifications were accepted by the Planning Commission and incorporated into the motion for the recommended amendment to City Council.

At the time of publishing the staff report for the February 23, 2026, Special City Council meeting, no additional feedback has been received from HCD.

Proposed Zoning Code Amendments: Attachment 2 contains a draft ordinance to adopt the proposed Capitola Mall Zoning Code Amendments. The proposed amendments have two main parts:

- A new Section 17.24.035 (Capitola Mall Redevelopment) with new development standards, land use regulations, and permit requirements for Capitola Mall redevelopment projects.
- A new Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment) with site and building design standards for Capitola Mall redevelopment projects.

The proposed amendments implement Housing Element Program 1.7 with objective standards and a streamlined permit process to facilitate housing production on the Capitola Mall property.

Under existing rules, proposed development on the Mall property may request increased FAR and height using Chapter 17.88 (Incentives for Community Benefits). Under Chapter 17.88, a project may request increased FAR and height (up to 2.0 and 50 ft.) in exchange for providing community benefits that exceed

minimum City requirements. The City Council may allow increased height and FAR only after finding that the project provides a substantial benefit to the community and advances the goals of the general plan (among other findings).

The proposed amendments separate increased height and FAR on the Capitola Mall property from the community benefits process in Chapter 17.88. Instead, a proposed project is entitled to increased height and FAR if it complies with new objective standards. This new approach will facilitate housing production, increase certainty for developers and the community, and ensure a quality Mall redevelopment project consistent with City goals and policies.

The following discussion describes key aspects of the proposed amendments.

### **Section 17.24.035 (Capitola Mall Redevelopment)**

#### Mall Redevelopment Tiers

State housing law requires the City to allow residential-only development in commercial zones on properties identified in the City's Housing Element sites inventory. For this reason, the Zoning Code Amendments establish a tiered system to incentivize mixed-use redevelopment on the Capitola Mall property. Under this system, Tier 1 allows residential-only development subject to new development standards mandated by the Housing Element. Tiers 2 and 3 allow for additional building height and residential density for mixed-use redevelopment projects that include specified amounts of new hotel and commercial development.

As summarized in Table 1, Tier 1 allows a maximum density of 48 units per acre with no required non-residential uses. Maximum height for Tier 1 projects is 55 feet in the perimeter zone (within 125 feet of 41<sup>st</sup> Avenue, Capitola Road, and Clares Street) and 75 feet in the core zone (areas other than the perimeter zone). Figure 3 shows these zone boundaries. The Tier 1 maximum FAR is 2.0, excluding parking garages.

Tiers 2 and 3 incentivize mixed-use redevelopment on the Mall property with increased height, density, and other development incentives that are available to projects that incorporate specified amounts of retail and hotel development along with new residential uses. For Tier 2, a project must include a hotel with at least 85 rooms and 3,000 square feet of meeting space and 30,000 square feet of new commercial space project to qualify for incentives. A project has two options to qualify for Tier 3: include a hotel with 125 rooms and 4,000 square feet of meeting space and 40,000 square feet of new commercial space; or provide at least 200,000 square feet of new commercial space with no hotel requirement. For Tier 3, a project receives a density increase to 53 dwelling units per acre and a height of 85 feet in the core zone. For both Tier 2 and Tier 3 projects, parking garages, hotels, retail, and roof top decks are excluded from the FAR calculation.

**Table 1: Capitola Mall Redevelopment Tiers**

	Tier 1	Tier 2	Tier 3	
			Option A	Option B
<b>Residential Uses</b>				
Density				
Min.	20 du/ac	20 du/ac	20 du/ac	
Max.	48 du/ac	48 du/ac	53 du/ac	
Affordable Units	20%	20%	20%	
<b>Non-Residential Uses</b>				
Hotel Rooms (min.)	None	85	125	None
Hotel Meeting Space (min.)	None	3,000 sf	4,000 sf	None
New Commercial Space (min.)	None	30,000 sf	40,000 sf	200,000 sf
<b>Development Standards</b>				
Height (max.)	75 ft.			
Perimeter Zone	55 ft.	65 ft.	65 ft.	
Core Zone	75 ft.	75 ft.	85 ft.	
FAR	2.0*	2.0*	2.0*	

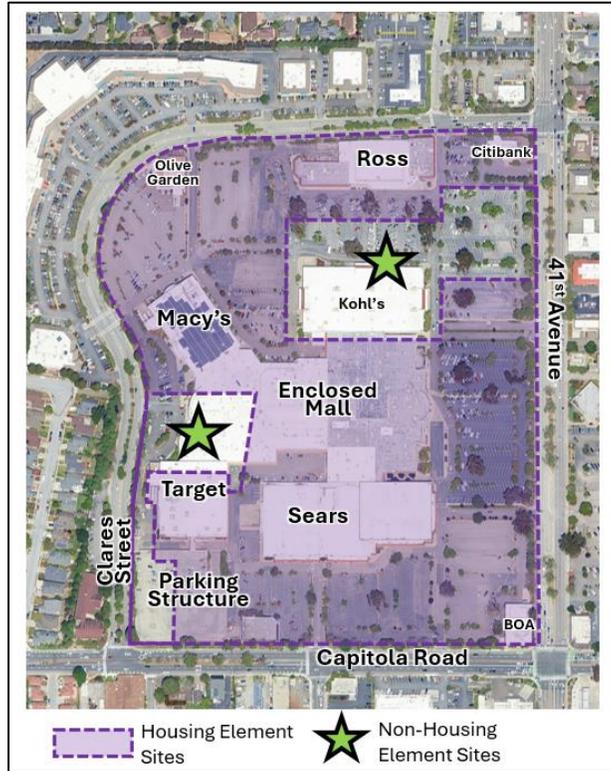
\*FAR calculation excludes parking garages and hotels in all tiers and rooftop decks in Tier 2 and 3.

The standards in Table 1 apply to development on a Capitola Mall Housing Element Site. On a Capitola Mall parcel that is not a Housing Element Site (see Figure 4) the maximum residential density is 20 dwelling units per acre and development must comply with the development standards that apply to all other properties in the CR zone. At the time of adopting the housing element, MGP asked that two sites on the mall property be removed from the sites inventory due to configuration of existing structures and parking areas, existing lease terms (Kohl's), CC&R provisions, and shared parking agreements.

**Figure 3: Perimeter Zone and Core Area**



Figure 4: Housing Element Sites



**Density:** The proposed amendments also establish rules for calculating residential density on development sites with multiple parcels. Specifically, density of a proposed development on the Capitola Mall property is calculated on a project wide basis using the total combined land area for all contiguous parcels under single ownership regardless of whether dwelling units are proposed on an individual parcel. For instance, the density associated with the Takara parcel could be developed on the Sears parcel.

**Parking:** Residential uses in a Tier 1 project must comply with the City’s existing multifamily parking standards, as shown in Table 2.

Table 2: Required Parking for Tier 1 Residential Uses

Unit Size	Minimum Spaces per Unit
Up to 500 sf	1.0
501-750 sf	1.5
751 sf or more	2.0

For residential uses in Tier 2 and Tier 3 projects, the proposed amendments require on-site parking spaces as shown in Table 3.

**Table 3: Required Parking for Tier 2 and Tier 3 Residential Uses**

Unit Size	Minimum Spaces per Unit
Studio	0.8
1 bedroom	1.0
2 bedroom	1.6
3 bedroom	2.0

Parking requirements for Tier 2 and Tier 3 projects are reduced as an incentive for mixed-use mall redevelopment.

**Inclusionary Housing Requirement:** As called for by the Housing Element, the proposed amendments establish the following affordable housing requirement for new residential development on the Capitola Mall property:

- A minimum of 15 percent of the units deed restricted affordable to lower income households.
- A minimum of 5 percent of the units either deed restricted affordable to moderate income households or studio units with a kitchen and living space but without a separate bedroom.

Rental and ownership housing projects must provide either on-site affordable units or dedicate land for an affordable housing development project. Payment of in-lieu fees is not permitted. Dedicated land must be transferred to a developer approved by the City and meet other requirements specified in the proposed amendments.

All other requirements in the City's inclusionary housing ordinance in Municipal Code Chapter 18.02 (Affordable (Inclusionary) Housing) would continue to apply to a Capitola Mall redevelopment project.

**Allowed Land Uses:** Currently, residential uses are allowed on the Capitola Mall property only as part of a mixed-use development and require a Conditional Use Permit (CUP) approved by the Planning Commission. Hotels also require a CUP and restaurants require a Minor Use Permit (MUP) approved by the Community Development Director.

The proposed amendments aim to incentivize mixed-use redevelopment by allowing hotels, retail, restaurants, and cultural institutions (museums) as desired non-residential uses without a CUP for Tier 2 and Tier 3 mixed-use projects.

As required by state housing element law, the amendments allow residential uses both with and without a commercial component. All residential uses continue to required a Conditional Use Permit (CUP). In response to HCD comments the amendments state that when reviewing a CUP for residential uses, the City will not consider whether the proposed housing is suitable land use for the property. Instead, the City's review will focus on specified considerations related to site layout, circulation, operating characteristics, and other similar topics. The City may not impose conditions that would deny the project or reduce project density.

**Permit Requirements:** Within the existing code, a mall redevelopment project requesting increased height and FAR under Chapter 17.88 requires a minimum of four public meetings, including conceptual review by both the Planning Commission and City Council, a Planning Commission recommendation, and final City Council Approval. Development also requires a Design Permit under Chapter 17.120.

The proposed amendments streamline the existing permitting process by eliminating the conceptual review requirements for Capitola Mall redevelopment projects. The City Council remains the final review authority for redevelopment projects after a Planning Commission recommendation. The proposed amendments also add the requirement for an applicant proposing new residential uses to host a community meeting before the City deems an application complete.

Fiscal Impact Analysis: Section 17.24.035.F requires a fiscal impact analysis (FIA) for any proposed development project with new residential uses on the Capitola Mall property, except that an FIA is not required for a stand-alone 100 percent affordable housing development project. The FIA will estimate the incremental change to annual reoccurring City revenues and expenditures generated by the project and describe proposed mitigation to offset any projected negative fiscal impact. An applicant must submit at time of application a FIA prepared by a qualified economic consultant, which would be peer reviewed by an independent economic consultant hired by the City and funded by the applicant.

Section 17.24.035.F.3 states that “the City shall consider the findings of the FIA to inform the decision-making body about future land use and planning decisions that may be necessary in response to the proposed development project’s fiscal impacts when reviewing and acting on the proposed development project. The findings of an FIA shall not be used as a basis to deny or reduce the density of a housing project.” This language was added in response to comments from HCD (see Attachment 8).

Objective Design Standards: Currently, multifamily and mixed-use development on the Capitola Mall property is subject to objective design standards in Zoning Code Chapter 17.82. These existing standards were prepared for a type and scale of development that includes less intensity than what is expected for Mall redevelopment. For this reason, the Zoning Code Amendments create a new set of objective standards specifically tailored to mid-rise development, including both residential-only apartments and vertical mixed-use development.

The objective design standards focus on design issues important to the successful mixed-use redevelopment of the Capitola Mall. Street and circulation standards require a new block pattern with new streets and improvements that maximize connectivity for vehicles, bicycles, and pedestrians. Publicly accessible open space standards require new plazas, parks, and other open space to provide public gathering areas, enhance community identity, and support social interaction. These site layout and design standards focus on the quality of the public realm as the foundation for a successful mall redevelopment project.

The objective design standards aim to ensure that new development at the mall reflects the scale, rhythm, and authenticity of a traditional urban block. Because Capitola does not have a singular architectural style, the standards require varied and distinct façade identities at regular intervals to introduce visual diversity within each block. This approach prevents a large project from appearing monolithic and supports a streetscape character that is consistent with Capitola’s eclectic and varied architectural environment.

Building design standards emphasize reducing the perceived mass and box-like appearance of buildings. Buildings over 200 feet in length must include massing breaks and unique facade identities with visually distinct portions of the building frontage. Ground-floor building facades facing a street or publicly accessible open space must include transparent windows, visually prominent entries, and other features to support an active and welcoming pedestrian environment.

The objective design standards do not mandate specific architectural styles and do not include prescriptive standards for roof forms, windows, balconies, and other building elements. Instead, the standards focus on basic elements of successful urban design while providing project designers with flexibility to meet these standards in a variety of different ways. This approach encourages design diversity within a mall redevelopment project as an essential component for authentic placemaking consistent with Capitola’s unique identify and sense of place.

The proposed objective design standards would apply to all development on the Capitola Mall property except for improvements and minor additions to existing buildings. Noteworthy design standards in Chapter 17.57 include the following:

- Streets and Circulation
  - New internal streets must be privately owned and maintained.
  - Required locations for new streets intersecting Capitola Road, Clares Street, and 41<sup>st</sup> Avenue.

- Required new internal streets proving connections between perimeter streets.
- Maximum 450 feet block lengths.
- Required internal pedestrian and bicycle circulation system.
- Required perimeter and internal street pedestrian realm frontage improvements.
- Publicly Accessible Open Space
  - Minimum amount of open space: 2.5 percent of site area for Tier 2 and Tier 3 projects and 5 percent of site area for Tier 1 projects.
  - Permitted types of open space: plazas, squares, parks, parklets, paseos/pedestrian paths.
  - Required central gathering place for projects on a site greater than 10 acres
- Parking and Vehicle Access
  - New surface parking prohibited between buildings and internal streets (excluding hotels)
  - Allow continued use of existing surface parking lots.
  - Limitations on width and frequency of driveways crossing an internal sidewalk.
  - Disallowed street-facing garage doors serving individual units.
  - Structured parking concealed from view.
- Building Placement and Orientation
  - Required building setbacks consistent with pedestrian realm standards for internal and perimeter streets.
  - Permitted upper-level building projections into required setbacks and frontage zones.
  - Required entries facing an adjacent street, publicly accessible pathway, or publicly accessible open space.
- Building Massing
  - Maximum building length: 450 feet.
  - Required building massing breaks for buildings longer than 260 feet.
  - Reduced building heights along perimeter streets (standard in Chapter 17.24)
- Facade Design
  - Required unique facade identities for building longer than 150 feet.
  - Residential ground-floor design standards: transparency, finished floor level, entry design.
  - Commercial ground-floor design standards: ground-floor height, transparency, blank wall length, tenant space depth.
  - Hotel standard: Minimum one facade must front a street with no surface parking between facade and sidewalk.
  - Required 2-inch change in plane for windows and doors.
  - Rooftop mechanical equipment screened from view.
  - Prohibited exterior facade materials.
- Other Site Features
  - Refuse storage and collection areas and ground-mounted mechanical equipment screened from view.

Chapter 17.57 also includes a process to allow deviations from mall redevelopment design standards. The Planning Commission may approve a deviation upon finding that 1) the project incorporates an alternative method to achieve the intent statement that proceeds the standard; and 2) the requested is needed due to unique site conditions and/or to provide for a superior project design.

Retail and Hotel Market Analysis: Keyser Marston Associates, the City's economic development consultant, prepared a Capitola Mall Retail and Hotel Market Overview to help inform decision making on the Zoning Code Amendments (Attachment 3). The report suggests that the Mall properties continue to have strong redevelopment potential, and the introduction of residential and hotel uses will help the

overall retail environment within the block. The report finds that retail demand likely will be strongest in the food and beverage sector and cater to smaller tenants, with an expected demand for new retail development ranging between 25,000 and 35,000 square feet. The report also finds that a hotel on the site would have the opportunity to exceed market average revenues with a strong operator and brand, with an 85-room hotel likely to support approximately 2,550 square feet of meeting and event space, and a 130-room hotel likely to support approximately 3,900 square feet of meeting and event space.

Fiscal Impact Model: In 2019, MGP submitted an application for mall redevelopment which included a net decrease of 30,000 square feet of overall commercial, while adding 637 residential units, a new street grid, and parks. Kosmont & Associates prepared a Capitola Mall Fiscal Impact Analysis for the City including assumptions that the City would maintain the streets and parks in the new development. The study concluded an additional cost of \$785 per new resident to the City. The application was withdrawn in 2020 due to the COVID-19 Pandemic.

In developing the current code amendments, MGP has explained that due to retail market conditions, future redevelopment of the mall will have significantly less commercial space, considerably more housing, and may include a hotel. The developer also clarified that the streets and parks will be publicly accessible but privately maintained by the property owner and not an additional cost to the City. With significantly less commercial space now anticipated, staff evaluated calls for service data for multiple projects to help understand how demand for Police services could potentially change.

With the shift in the anticipated land uses, staff developed an updated financial model to evaluate the potential fiscal impacts from Capitola Mall redevelopment on the MPG properties.

Table 1 summarizes the inputs and outputs of the fiscal impact model. Four redevelopment scenarios were analyzed in the model, based on the maximum allowed density and minimum required non-residential uses for the three Capitola Mall redevelopment tiers.

For each scenario, the model estimates the annual cost to the City to provide services based on the Capitola Mall Fiscal Impact Analysis prepared by Kosmont & Associates in 2019 with adjustments for inflation and updated project details (reduced commercial footprint and private parks/streets). In addition, Department Directors evaluated assumed staffing and workload impacts based on MGP updated land uses and found the Kosmont Study cost assumptions to be on the high end, but a good tool to understand the financial impacts of each tier.

The model estimates annual revenue expected to be generated under each scenario from sales taxes, hotel taxes, and all other applicable revenue sources. The revenue generation assumptions were developed in collaboration with the City's economic development consultant, Keyser Marsten and Associates. The net fiscal impact (revenue minus cost) for each scenario is shown in Table 4.

**Table 4: Fiscal Impact Analysis on MGP Mall Redevelopment**

	Redevelopment Scenarios			
	Tier 1	Tier 2	Tier 3A	Tier 3B
<b>Development Assumptions</b>	48 du/ac	48 du/ac	53 du/ac	53 du/ac
New Units	1,256	1,256	1,326	1,326
Specialty Retail	0	30,000 sf	40,000 sf	40,000 sf
General Retail	0	0	0	160,000 sf
New Hotel	0	85 rooms	125 rooms	0
Meeting Space	0	3,000 sf	4,000 sf	0
<b>Fiscal Impact</b>				
Annual Cost - Adjusted Kosmont	\$1,225,509	\$1,225,509	\$1,293,810	\$1,293,365
Annual Revenue Increase	\$448,840	\$1,496,277	\$1,981,392	\$2,053,580
Projected Net Impact	\$(776,669)	\$270,768	\$687,583	\$431,270

It should be noted that the 160,000 square feet of general retail in Tier 3B is assumed to be productive large-format retail space. If the space was occupied by a grocery or fitness facility the revenue from Tier 3B would be reduced. For reference, the hotel transient occupancy tax (TOT) in Capitola is 12 percent of total guest payment, with the City collecting 100 percent of TOT collected. Sales tax is 9.25 percent, of which the City receives 1.5 percent, and property tax is 1 percent of assessed value, of which City receives 7.47 percent on average.

Proposed General Plan Amendment: Attachment 1 contains a draft resolution to amend the General Plan Land Use Element Amendment for consistency with the Housing Element and Zoning Code Amendments. The draft text amendment would add the following language to Action LU-9.3: "On the Capitola Mall property, a maximum FAR of 2.0 is permitted for residential and mixed-use development that complies with objective standards in the Zoning Code."

Local Coastal Program: The Zoning Code is part of Capitola's Local Coastal Program (LCP), and as such, Zoning Code Amendments for property in the Coastal Zone must be certified by the Coastal Commission before they become effective. When adopting LCP amendments, the Coastal Commission requires cities to consider consistency with the LCP Land Use Plan and potential impacts on public access to the coast. This required analysis is provided in Attachment 4. Attachment 5 contains a draft resolution authorizing City staff to submit the Zoning Code Amendments to the Coastal Commission for certification. Note that the LCP amendments are only necessary to apply portions of the Zoning Code Amendments to areas of the city in the Coastal Zone, such as within the Village. The Capitola Mall property is not located within the Coastal Zone, and therefore the proposed General Plan Amendment and Zoning Code Amendments would not require Coastal Commission certification to become effective.

Environmental Determination: The Capitola Mall Zoning Code 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 1.7 sets for a schedule of actions calling for the City to update the Zoning Code to facilitate Mall redevelopment by allowing up to 75 feet in height, excluding parking from FAR calculations, allowing development up to an FAR of 2.0, and adopting objective development standards. Because the proposed Zoning Code amendments implement this schedule of actions, its adoption is exempt from CEQA.

For the General Plan Amendment, the amendments were analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. The amendments bring the Land Use Element into conformance with the adopted Housing Element consistent with the proposed Zoning Code Amendments. There are no proposed changes to the General Plan that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

Fiscal Impact: There is no fiscal impact associated with adoption of the Zoning Code Amendments. Fiscal impacts from new development allowed by the amendments will be considered through the fiscal impact assessment requirement included in the proposed amendments.

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

Attachments:

1. Resolution Amending General Plan Land Use Element
  - Exhibit A: Proposed General Plan Amendments
2. Draft Capitola Mall Redevelopment Ordinance
  - Exhibit A: Proposed Zoning Code Amendments
3. Keyser Marston Capitola Mall Retail and Hotel Market Overview
4. LCP Consistency Analysis
5. LCP Amendment Application Resolution
6. Capitola Mall Frequently Asked Questions
7. Regional Housing Needs Allocation (RHNA) and Capitola Mall Sites Information
8. HCD Correspondences

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

Reviewed By: Julia Gautho, City Clerk; Eric Philips, City Attorney Special Counsel

Approved By: Jamie Goldstein, City Manager

**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AMENDING THE GENERAL PLAN LAND USE ELEMENT RESIDENTIAL ACTION LU-9.3 TO BE CONSISTENT WITH PROPOSED CAPITOLA MALL ZONING CODE AMENDMENTS AND FINDING THAT THE PROJECT'S ENVIRONMENTAL EFFECTS WERE ADEQUATELY ANALYZED IN A PREVIOUS EIR SUCH THAT CEQA REQUIRES NO SUPPLEMENTAL OR SUBSEQUENT ENVIRONMENTAL REVIEW**

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, Housing Element Program 1.7 states that the City shall revise development standards in the Zoning Code to facilitate residential development on the Capitola Mall property;

WHEREAS, the Planning Commission held work sessions on October 2, October 30, and November 19, 2025 to consider Zoning Code amendments for the Capitola Mall in furtherance of Housing Element Program 1.7;

WHEREAS, on October 8, 2025, the City hosted a community meeting, to receive public input on design standards for residential development on the Capitola Mall property;

WHEREAS, a text amendment to the General Plan Land Use Element Action LU-9.3 is necessary for consistencies with the proposed Zoning Code amendments;

WHEREAS, City staff prepared a text amendment to the General Plan Land Use Element Action LU-9.3 to implement Housing Element Program 1.7 and ensure consistency between the General Plan and Zoning Code;

WHEREAS, notice of the General Plan Amendment and associated Zoning Code Amendment availability was mailed on November 13, 2025, and a public review draft made available on November 26, 2025, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, a second notice of the General Plan Amendments and associated Zoning Code Amendment availability was mailed on January 8, 2026, and an updated public review draft made available on January 30, 2026, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, the General Plan Amendment was analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. There are no substantial changes proposed to the Housing Element, including Program 1.7, that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The General Plan

Amendment merely implements Housing Element Program 1.7, which was studied and evaluated in the General Plan EIR Addendum. There are no substantial changes with respect to the circumstances under which implementation of the Housing Element will be undertaken which will require major revisions of the previous environmental document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Addendum was adopted. No subsequent or supplemental environmental review is required pursuant to CEQA Guidelines Section 15162;

WHEREAS, at a duly noticed public hearing on February 5, 2026, the Planning Commission recommended that the City Council adopt the General Plan Amendment;

WHEREAS, at a duly noticed public hearing on February 23, 2026, the City Council reviewed the proposed General Plan Amendment at which time it considered all evidence presented, both written and oral.

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

1. The foregoing recitals are true and correct and are incorporated by reference into this action.
2. Based on substantial evidence in the record, the Amendment is consistent with state and local law, including the Municipal Code subject to approval of the associated Zoning Code amendments, and the other elements of the General Plan, including the City of Capitola Housing Element.
3. The Amendment was analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA, consistent with CEQA Guidelines section 15162. There are no substantial changes proposed to the Housing Element, including Program 1.7, that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The Project merely implements Housing Element Program 1.7, which was studied and evaluated in the General Plan EIR Addendum. There are no substantial changes with respect to the circumstances under which implementation of the Housing Element will be undertaken which will require major revisions of the previous environmental document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Addendum was adopted.
4. The City Council hereby adopts the text amendment to the General Plan Land Use Element as set forth in Exhibit A attached hereto and incorporated herein.
5. This resolution shall become effective at such time as Ordinance No. \_\_\_\_\_ approving the Zoning Ordinance amendments becomes effective, and if such Ordinance has not become effective by December 31, 2026, this resolution shall be deemed to be void and of no further force or effect.

SEVERABILITY

If any term, provision, or portion of these findings or the application of these findings to a particular situation is held by a court to be invalid, void or unenforceable, the remaining provisions of these findings, or their application to other actions related to the Project, shall continue in full force and effect unless amended or modified by the City.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 23<sup>rd</sup> day of February, 2026, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

Margaux Morgan, Mayor

ATTEST: \_\_\_\_\_  
Julia Gautho, City Clerk

Action LU-9.2 Auto Plaza Signage. Amend the Zoning Ordinance to allow more prominent signage for the Auto Plaza.

Action LU-9.3 Increased Floor Area Ratio. The City Council may authorize increased FAR for properties located within the 41<sup>st</sup> Avenue corridor as follows:

- ◆ Properties fronting 41<sup>st</sup> Avenue or the 41<sup>st</sup> Avenue/Capitola Road intersection, including excluding the Capitola Mall property bound by 41<sup>st</sup> Avenue, Capitola Road, and Clares Street, with a Regional Commercial or Community Commercial land use designation may be developed at a maximum FAR of 2.0.
- ◆ Structures on properties fronting the east side of 41<sup>st</sup> Avenue must be set back a minimum of 100 feet from the property line abutting a residential property.

To approve a request for an increased FAR, the City Council must find that 1) the additional FAR results in a superior project with substantial community benefit; 2) the project enhances economic vitality; and, 3) the project is designed to minimize adverse impacts to neighboring properties.

On the Capitola Mall property, a maximum FAR of 2.0 is permitted for residential and mixed-use development that complies with objective standards in the Zoning Code.

Action LU-9.4 Retail/Office Mix. Take action to maintain an appropriate mix of retail and non-retail uses along the 41<sup>st</sup> Avenue corridor. These actions will include:

- ◆ Continuing to require a Conditional Use permit for offices, medical services, and other non-retail uses in the Regional Commercial designation.
- ◆ Amending the Zoning Code to require the Planning Commission to specifically find that a proposed non-retail use will not detract from the economic viability of the corridor.
- ◆ Preparing a study to examine the optimal socio-economic mix of retail and office/professional uses on 41<sup>st</sup> Avenue.

## ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY OF CAPITOLA TO ADOPT AMENDMENTS TO MUNICIPAL CODE TITLE 17 (ZONING) FOR THE CAPITOLA MALL PROPERTY AND INCLUDING AMENDMENTS TO CHAPTER 17.24 (COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS), CHAPTER 17.76 (PARKING AND LOADING), CHAPTER 17.82 (OBJECTIVE STANDARDS FOR MULTIFAMILY AND MIXED-USE DEVELOPMENT), AND CHAPTER 17.88 (INCENTIVES FOR COMMUNITY BENEFITS), 17.160 (GLOSSARY) AND INTRODUCING A NEW CHAPTER 17.57 (OBJECTIVE DESIGN STANDARDS FOR CAPITOLA MALL REDEVELOPMENT), AND FINDING THE PROJECT EXEMPT FROM CEQA**

WHEREAS, on August 22, 2024, the City Council adopted 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, Housing Element Program 1.7 states that the City shall revise development standards in the Zoning Code to facilitate residential development on the Capitola Mall property;

WHEREAS, the Capitola Mall property includes the properties located between Clares Street, 41<sup>st</sup> Avenue, and Capitola Road;

WHEREAS, the Planning Commission held work sessions on October 2, October 30, and November 19, 2025 to consider Zoning Code amendments for the Capitola Mall in furtherance of Housing Element Program 1.7;

WHEREAS, on October 8, 2025, the City hosted a community meeting, to receive public input on design standards for residential development on the Capitola Mall property;

WHEREAS City staff utilized Planning Commission input and considered public feedback to prepare draft amendments to Municipal Code Title 17 (Zoning) to implement Housing Element Program 1.7;

WHEREAS, the proposed amendments include changes to Zoning Code Chapter 17.24 (Commercial and Industrial Zoning Districts), Chapter 17.76 (Parking and Loading), Chapter 17.82 (Objective Standards for Multifamily and Mixed-Use Residential Development), and Chapter 17.88 (Incentives for Community Benefits), 17.160 (Glossary) and introduce a new Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment)

WHEREAS, the proposed amendments would increase allowed building height and floor area ratio (FAR) on the Capitola Mall property, establish objective design standards for Capitola Mall redevelopment, and modify development regulations to facilitate residential and mixed-use development on the Mall property consistent with the Housing Element;

WHEREAS, the amendments also apply the Objective Standards within Chapter 17.82 to the Mixed-Use Village zoning district and Industrial zoning district;

WHEREAS, notice of the Zoning Code Amendment availability was mailed November 13, 2025, and a public review draft made available on November 26, 2025, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, a second notice of the Zoning Code Amendment availability was mailed on

January 8, 2026, and an updated public review draft made available on January 30, 2026, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, the Zoning Code Amendments are exempt from the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Section 21080.85 which exempts from CEQA rezonings to implement a certified Housing Element.

WHEREAS, further, the Project was analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. There are no substantial changes proposed to the Housing Element, including Program 1.7, that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The Project merely implements Housing Element Program 1.7, which was studied and evaluated in the General Plan EIR Addendum. There are no substantial changes with respect to the circumstances under which implementation of the Housing Element will be undertaken which will require major revisions of the previous environmental document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Addendum was adopted.

WHEREAS, at a duly noticed public hearing on February 5, 2026 the Planning Commission recommended the City Council adopt the Zoning Code Amendments.

WHEREAS, at a duly noticed public hearing on February 23, 2026, the City Council reviewed the proposed Zoning Code Amendments at which time it considered all evidence presented, both written and oral.

**BE IT ORDAINED** by the City of Capitola 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, the City Council hereby finds that:

- 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. Concurrent with the Amendments, the Planning Commission and City Council will be considering a text amendment to the General Plan Land Use Element to allow without special City Council authorization a maximum 2.0 FAR for residential and mixed-use development that complies with objective standards in the Zoning Code. Adoption of the Amendments will be subject to final City Council approval and adoption of the associated General Plan text amendment.
- 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 as described in Exhibit C attached hereto and

incorporated herein.

**Section 4:** Title 17 (Zoning) of the Capitola Municipal Code is amended as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

**Section 5:** Environmental Review.

The City Council finds that the Amendments are exempt from the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Section 21080.85 which exempts from CEQA rezonings to implement a certified Housing Element.

Further, the Project was analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. There are no substantial changes proposed to the Housing Element, including Program 1.7, that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The Project merely implements Housing Element Program 1.7, which was studied and evaluated in the General Plan EIR Addendum. There are no substantial changes with respect to the circumstances under which implementation of the Housing Element will be undertaken which will require major revisions of the previous environmental document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Addendum was adopted. development, and implementing projects would be subject to environmental review.

**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 meeting of the City Council on the 23<sup>rd</sup> day of February, 2026, and was adopted at a regular meeting of the City Council on the 12<sup>th</sup> day of March, 2026, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Margaux Morgan, Mayor

\_\_\_\_\_  
Attest: Julia Gautho, City Clerk

**Chapter 17.24**

**COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS**

Sections:

- 17.24.010 Purpose of the commercial and industrial zoning districts.
- 17.24.020 Land use regulations.
- 17.24.030 Development standards.
- 17.24.040 Residential mixed use development in commercial zoning districts.

**17.24.010 Purpose of the commercial and industrial zoning districts.**

A. Community Commercial (C-C) Zoning District. The purpose of the C-C zoning district is to provide areas for a variety of commercial uses serving Capitola residents and visitors. The C-C zoning district allows for retail, restaurants, and services that meet the daily needs of the community. The scale, intensity, and design of development in the C-C zoning district shall be compatible with adjacent neighborhoods and contribute to Capitola’s unique coastal village character. Interspersed residential and office uses in the C-C zoning district shall support a diverse local economy and range of housing choices.

B. Regional Commercial (C-R) Zoning District. The purpose of the C-R zoning district is to provide areas for commercial uses that serve regional shoppers as well as Capitola residents, workers, and visitors. The C-R zoning district will maintain a critical mass of retail and service uses that maintain 41st Avenue as a successful retail destination. Office, medical, and residential uses will be restricted to protect the long-term economic vitality of the corridor. Incremental redevelopment of underutilized properties in the C-R zoning district will enhance the corridor as a pedestrian-friendly shopping destination that enhances Capitola’s unique identity and quality of life.

C. Industrial (I) Zoning District. The purpose of the I zoning district is to provide an area for heavy commercial and light industrial uses in Capitola. The I zoning district allows for nonresidential uses which are desired in the community but could be incompatible with land uses in other zoning districts. The I zoning district shall continue to accommodate businesses that contribute to a diverse economy, provide local jobs, and serve the needs of residents and other businesses in Capitola. (Ord. 1043 § 2 (Att. 2), 2020)

**17.24.020 Land use regulations.**

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**

Key		Zoning District			
<b>P</b>	Permitted Use	<b>C-C</b>	<b>C-R</b>	<b>I</b>	<b>Additional Requirements</b>
<b>A</b>	Administrative Permit required				
<b>M</b>	Minor Use Permit required				
<b>C</b>	Conditional Use Permit required				
<b>-</b>	Use not allowed				
<b>Residential Uses [12]</b>					

Key		Zoning District			
<b>P</b>	Permitted Use				
<b>A</b>	Administrative Permit required				
<b>M</b>	Minor Use Permit required				
<b>C</b>	Conditional Use Permit required				
–	Use not allowed	<b>C-C</b>	<b>C-R</b>	<b>I</b>	<b>Additional Requirements</b>
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
<b>Public and Quasi-Public Uses</b>					
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	
<b>Commercial Uses</b>					
Alcoholic Beverage Sales		C	C	C	
Banks		P [2]	P [2]	–	
Car Wash		C	C		
Financial Institutions		See 17.24.020(C)		–	
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	

Key		Zoning District			
<b>P</b>	Permitted Use				
<b>A</b>	Administrative Permit required				
<b>M</b>	Minor Use Permit required				
<b>C</b>	Conditional Use Permit required				
–	Use not allowed	<b>C-C</b>	<b>C-R</b>	<b>I</b>	<b>Additional Requirements</b>
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	
<b>Heavy Commercial and Industrial Uses</b>					
Construction and Material Yards		–	–	P	
Custom Manufacturing		M	M	P	
Light Manufacturing		–	–	P	
Warehousing and Distribution		–	–	P	
<b>Transportation, Communication, and Utility Uses</b>					
Utilities, Major		–	C	C	
Utilities, Minor		P	P	P	

Key		Zoning District			
P	Permitted Use				
A	Administrative Permit required				
M	Minor Use Permit required				
C	Conditional Use Permit required				
-	Use not allowed	C-C	C-R	I	Additional Requirements
Recycling Collection Facilities		C	C	C	Section 17.96.130
Wireless Communications Facilities		See Chapter 17.104			
<b>Other Uses</b>					
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	-	

Notes:

[1] Combination of two or more tenant suites within a multi-tenant building or greater than five thousand square feet requires minor use permit.

[2] Combination of two or more tenant suites within a multi-tenant building or greater than five thousand square feet requires conditional use permit.

[3] Without stock. Storage of merchandise limited to samples only.

[4] Prohibited within one hundred feet of a residential zoning district or residential use including residential properties outside the city limits. No minimum distance requirement from residential uses on the Capitola Mall property. Distance is measured from any site feature designed and/or used to provide drive-through service (e.g., vehicle aisle, menu board, lighting) to the property of the residential district or use.

[5] Majority of vehicles for sale must be new.

[6] Mobile food vendors in one location four times or less per year are regulated as a temporary use in accordance with Section 17.96.180 and are allowed with an administrative permit in accordance with Chapter 9.36 of this code. Mobile food vendors in one location more than two times per year require a conditional use permit.

[7] Residential uses are prohibited on the first story, except on Capitola Mall Housing Element Sites where ground-floor residential uses are allowed. See Section 17.24.035 (Capitola Mall Redevelopment) for additional requirements on the Capitola Mall property.

[8] Maximum five thousand square feet.

[9] Allowed only as a part of a mixed use project integrated with commercial structures located on the same development site, except on Capitola Mall Housing Element Sites where residential-only projects are allowed. See Section 17.24.035 (Capitola Mall Redevelopment) for additional requirements on the Capitola Mall property.

[10] Requires cannabis retail license (Chapter 9.61) and compliance with subsection D of this section.

[11] A retail use twenty thousand square feet or more requires a conditional use permit.

[12] See Section 17.96.210 (Demolition and replacement of dwelling units) for requirements that apply to new residential uses on sites identified as nonvacant in the general plan housing element inventory of land suitable for residential development.

B. Additional Permits. In addition to permits identified in Table 17.24-1, development projects in the commercial and industrial zoning districts may also require a design permit pursuant to Chapter 17.120 (Design Permits). Modifications to a historic resource may require a historic alteration permit pursuant to Chapter 17.84 (Historic Preservation). Development in the coastal zone may require a coastal development permit pursuant to Chapter 17.44 (Coastal Overlay Zone), independent of and in addition to any other required permit or approval.

C. Office Uses in the C-C and C-R Zoning Districts.

1. New Office Uses. In the C-C and C-R zoning districts, permits required for new office uses and conversions of nonoffice space to office use are shown in Table 17.24-2. Offices include professional, medical, financial institutions and governmental offices.

**Table 17.24-2: Permitted New Office Uses in the C-C and C-R Zoning Districts**

Key		C-C Zoning District	C-R Zoning District
P	Permitted Use		
A	Administrative Permit required		
M	Minor Use Permit required		
C	Conditional Use Permit required		
-	Use not allowed		
<b>Location and Size of Office Use</b>			
Ground floor, less than 5,000 sq. ft.		P	C [1]
Ground floor, 5,000 sq. ft. or more		P/C [2]	C [1]
Upper floor above a ground floor		P	P

Notes:

[1] Allowed with a conditional use permit only in a multi-tenant building if one or more of the following conditions are met: (1) entry doors do not face an adjacent street frontage; or (2) the building does not front 41st Avenue or Clares Street.

[2] Permitted by right where: (1) entry doors do not face an adjacent street frontage; or (2) the building does not front 41st Avenue. Otherwise, a conditional use permit is required.

2. Existing Office Uses.

a. In the C-C and C-R zoning districts, office uses may continue to occupy existing office space. For purposes of this section, “existing office space” means any tenant space legally occupied by an office use; and vacant tenant space where the most recent legal occupant was an office use. The city shall use business license documentation to determine the legal occupancy of tenant space.

b. Offices are a permitted use in existing office space. A new office tenant may occupy existing office spaces without the permit requirements in Table 17.24-2.

D. Retail Cannabis. A retail cannabis establishment must be in compliance with the following standards:

1. Permit Requirements.

a. Cannabis Retail License. Prior to conditional use permit application, an applicant shall obtain a potential retail cannabis license from the city, as outlined in Chapter 5.36.

b. Conditional Use Permit. A retail cannabis establishment must obtain a conditional use permit from the planning commission. The retail cannabis establishment shall be in compliance with the following standards:

i. Distance from Schools and Churches. Retail cannabis establishments are not permitted within a path of travel of one thousand feet from any schools and churches. The path of travel shall be measured following the shortest path of travel along a public right-of-way from the property line of the proposed retail cannabis establishment parcel to the church or school.

ii. Distance Between Retail Cannabis Establishments. A retail cannabis establishment shall not be located within a path of travel of five hundred feet of another retail cannabis establishment. Path of travel is measured from the retail establishment suite on a multi-tenant property or the structure for a single-tenant property.

iii. Independent Access. A retail cannabis establishment shall have an independent exterior entrance that is not shared with any other business or residence.

iv. 41st Avenue Frontage. In the C-C zoning district, a retail cannabis establishment must be on a property fronting 41st Avenue.

**17.24.030 Development standards.**

A. General. Table 17.24-3 identifies development standards that apply in the commercial and industrial zoning districts, excluding the Capitola Mall property. For development standards that apply to the Capitola Mall property, see Section 17.24.035 (Capitola Mall Redevelopment).

**Table 17.24-3: Development Standards in Commercial and Industrial Zoning Districts**

	C-C	C-R	I	Additional Standards
<b>Site Requirements</b>				
Parcel Area, Minimum	5,000 sq. ft.			
Parcel Width, Minimum	50 ft.			
Parcel Depth, Minimum	100 ft.			
Floor Area Ratio, Maximum	1.0 [1]	1.5	0.5	Section 17.24.030(D) Chapter 17.88
<b>Structure Requirements</b>				
Setbacks, Minimum				
Front	See Section 17.24.030(C)		0 ft.	
Rear	0 ft. unless adjacent to a residential zoning district (see Section 17.24.030(E))			
Interior Side	0 ft. unless adjacent to a residential zoning district (see Section 17.24.030(E))			
Street Side	See Section 17.24.030(C)		0 ft.	
Height, Maximum	40 ft. [1]	40 ft.	30 ft.	Section 17.24.030(D) and (E) Chapter 17.88
Landscaped Open Space, Minimum	5%			Table 17.72-1

	C-C	C-R	I	Additional Standards
Parking and Loading	See Chapter 17.76			

Notes:

[1] Additional building height and FAR allowed for a housing development project that consolidates adjacent housing element opportunity sites. See 17.24.040(J) (Lot Consolidation Incentive).

B. C-C Zoning District Fronting Capitola Road. The following requirements apply to C-C parcels fronting the south side of Capitola Road between 41st Avenue and 45th Avenue as shown in Figure 17.24-1:

1. Maximum height: thirty-five feet.
2. Minimum rear setback: forty feet.
3. Enhanced Application Review. A proposed project with a height greater than two stories shall comply with the following enhanced application review procedures:
  - a. Conceptual Review.
    - i. Prior to consideration of a formal application, the planning commission and city council shall provide conceptual review of a proposed project in accordance with Chapter 17.114 (Conceptual Review).

**Figure 17.24-1: Parcels Fronting Capitola Road Between 41st Avenue and 45th Avenue**



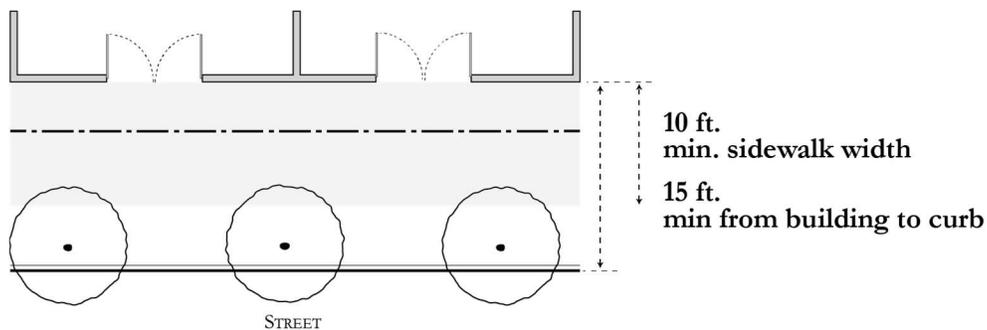
- ii. Before planning commission and city council review, the applicant shall host at least one community workshop to solicit community input on preliminary project plans.

- iii. When reviewed by the planning commission and city council, the applicant shall demonstrate how the project design addresses public input received at the community workshop, as appropriate.
- b. City Council Action. Following conceptual review, the planning commission shall serve as the recommending body and the city council shall serve as the review authority and take final action on the application.
- c. Findings. To approve the application, the city council shall make all of the following findings in addition to findings for the required permits:
- i. The project satisfies applicable design review criteria in Section 17.120.070 (Design review criteria).
  - ii. On-site parking, points of ingress/egress, and internal vehicle accessways are located and designed to minimize parking and traffic impacts on neighboring residential areas to the greatest extent possible.
  - iii. The project incorporates rear yard setbacks and upper-story stepbacks as needed to maintain adequate light and air for abutting residential uses.
  - iv. The height and intensity of development is compatible with the scale and character of neighboring residential areas.
  - v. The project incorporates design features to support a safe and welcoming pedestrian environment. Potential features may include, but are not limited to, enhanced sidewalks along the property frontage, internal pedestrian walkways, outdoor public gathering places, unique landscaping treatments, and active ground-floor uses fronting the street.

C. Front and Street Side Setbacks in the C-R and C-C Zoning Districts. In the C-R and C-C zoning districts, buildings shall be set back from the front and street side property line so that:

1. The building is at least fifteen feet from the curb or street edge; and
2. Building placement allows for a minimum ten-foot sidewalk along the property frontage. See Figure 17.24-2.

**Figure 17.24-2: Front and Street Side Setbacks in the C-R and C-C Zoning Districts**



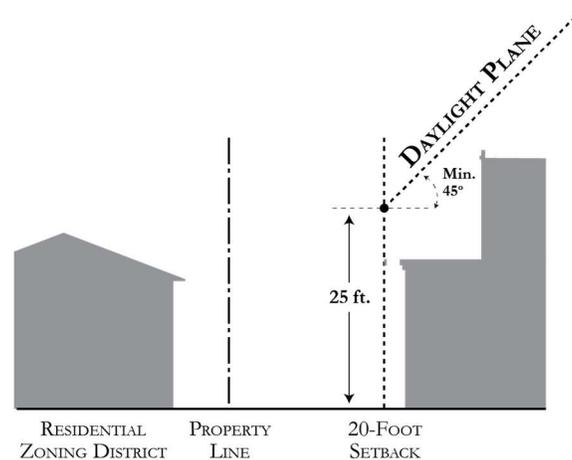
D. Increased Floor Area and Height in C-C and C-R Zoning Districts. As provided in Chapter 17.88 (Incentives for Community Benefits), the city council may approve exceptions to height and floor area ratio (FAR) limits shown in Table 17.24-3 for proposed projects in the C-C and C-R zoning districts. These exceptions are intended to facilitate the redevelopment of underutilized properties along 41st Avenue consistent with the vision for the corridor described in the general plan.

E. Residential Transition Standards. Where a commercial or industrial zoning district abuts a residential zoning district, the following standards apply:

1. Setbacks. The minimum setback from the residential property line shall be fifteen feet for interior side yards and twenty feet for rear yards. For lots less than one hundred feet wide, the planning commission may allow a reduced side yard setback upon finding that potential impacts to adjacent residential properties have been adequately minimized through enhanced building and landscape design.

2. Daylight Plane. No structure shall extend above or beyond a daylight plane having a height of twenty-five feet at the setback from the residential property line and extending into the parcel at an angle of forty-five degrees. See Figure 17.24-3.

**Figure 17.24-3: Residential Transitions – Daylight Plane**



3. Landscaping. A landscaped planting area, extending a minimum of ten feet from the property line, shall be provided along all residential property lines. A tree screen shall be planted in this area with trees planted at a minimum interval of fifteen feet.

4. Loading. Loading and unloading shall be designed to have the least amount of impact on neighboring residential uses. When feasible, loading and unloading shall be provided from the commercial frontage rather than from areas adjacent to residential uses.

~~F. Reserved. Capitola Mall Redevelopment. While the Capitola Mall site has been zoned regional commercial (C-R) as part of the zoning code update, it is expected that major redevelopment of the mall property may require a rezone, planned development, specific plan, development agreement, or similar process to tailor appropriate development standards for the redevelopment project. Where an application submitted pursuant to this section includes fewer than all parcels within the mall property, the applicant shall demonstrate that the development type and pattern and site design will be compatible and not unreasonably interfere with future redevelopment of the remaining parcels. For the purposes of this section, the mall property is defined as the area bound by 41st Avenue, Clares Street, and Capitola Road.~~

G. Landscaping. See Section 17.72.050(B) for nonresidential landscape requirements.

H. Objective Standards for Multifamily Dwellings and Mixed-Use Residential Development.

~~1. Excluding development on the Capitola Mall property. New multifamily dwellings and mixed-use residential development in the C-C and C-R zoning districts must comply with Chapter 17.82 of this code (Objective Standards for Multifamily and Mixed-Use Residential Development).~~

~~2. Residential-only and mixed-use development on the Capitola Mall property shall comply with Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment).~~

I. Roof Decks. Roof decks that provide common open space for residents in the commercial zoning district require a design permit. Roof decks must comply with standards in Section 17.16.030(C)(5)(b).

J. Lot Consolidation Incentive. Housing Element Table 4-3 identifies adjacent opportunity sites which are suitable for lot consolidation. Projects in the C-C zoning district that consolidate two or more opportunity sites identified in Housing Element Table 4-3 into a single parcel as part of a housing development project are permitted maximum building height and floor area ratio (FAR) as identified in Table 17.24-4.

**Table 17.24-4: C-C Lot Consolidation Bonus**

Baseline C-C Standard		Lot Consolidation Allowance	
Height	FAR	Height	FAR
40 ft.	1.0	50 ft.	1.5

K. Micro-Units. A building with micro-units in the C-C or C-R zoning district is permitted a maximum height of fifty feet and a maximum FAR of one and one-half only when:

1. The micro-units are within one-quarter mile walking distance of a major transit stop or a high-quality transit corridor, as those terms are defined in Section 21064.3 of the Public Resources Code; and
2. The micro-units constitute fifty percent or more of the total number of units in the building. (Ord. 1066 § 2 (Att. 1), 2024; Ord. 1057 § 2 (Att. 1), 2022; Ord. 1053 § 3, 2022; Ord. 1043 § 2 (Att. 2), 2020)

#### **17.24.035 Capitola Mall Redevelopment**

**A. Purpose.** This section establishes standards for residential and mixed-use development on the Capitola Mall property. These standards aim to promote and facilitate housing production that is affordable to all income levels in a vital, mixed-use environment, in accordance with the General Plan Housing Element.

**B. Applicability.** This section applies to all proposed development projects with new residential and/or mixed uses on the Capitola Mall property.

**C. Definitions.** Terms used in this section are defined as follows.

1. “Core area” means all areas on the Capitola Mall property that are not in the perimeter zone.
2. “Housing Element Site” means a parcel on the Capitola Mall property listed in Appendix D Table D-1 of the City of Capitola 6<sup>th</sup> Cycle Housing Element of the General Plan.
3. “New commercial space” means either a new commercial building or substantially improved existing commercial building with complete interior and exterior tenant improvements.
4. “Perimeter street” means 41<sup>st</sup> Avenue, Capitola Road and Clares Street.
5. “Perimeter zone” means all areas on the Capitola Mall property that are within 125 feet of a property line abutting 41<sup>st</sup> Avenue, Capitola Road and Clares Street.
6. “Tier 1 project” means all proposed development projects with new residential uses that do not meet the “Tier 2 mixed-use project” or “Tier 3 mixed-use project” definitions in this section.
7. “Tier 2 mixed-use project” means a proposed mixed-use development project with all of the following:
  - a. Residential development that meets or exceeds the affordability requirements specified in Section 17.24.035.D.7. Inclusionary Housing Requirement).

a. A hotel with a minimum of 85 rooms and a minimum of 3,000 square feet of meeting space and conference facilities.

b. 30,000 square feet or more of new commercial space.

8. “Tier 3 mixed-use project” means a proposed mixed-use development project that:

a. Meets or exceeds the affordability requirements specified in Section 17.24.035.D.7. Inclusionary Housing Requirement); and

b. Complies with one or both of the following options:

Option 1: The project includes both a hotel with a minimum of 125 rooms and a minimum of 4,000 square feet of meeting space and 40,000 square feet or more of new commercial space.

Option 2: The project includes 200,000 square feet or more of new commercial space.

**D. Development Standards.**

**1. Housing Element Sites.** Table 17.24-6 identifies the development standards that apply to development on a Capitola Mall Housing Element Site. These standards aim to facilitate housing production on the Capitola Mall property and incentivize the creation of housing in a vital, mixed-use environment.

**Table 17.24-6: Mall Redevelopment Development Standards**

	<u>Tier 1 Projects</u>	<u>Tier 2 Mixed-Use Projects</u>	<u>Tier 3 Mixed-Use Projects</u>
<u>Floor Area Ratio</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<u>Height, Maximum</u>			
<u>Perimeter Zone</u>	<u>55 ft.</u>	<u>65 ft. [1]</u>	<u>65 ft. [1]</u>
<u>Core Zone</u>	<u>75 ft.</u>	<u>75 ft.</u>	<u>85 ft.</u>
<u>Open Space</u>	<u>5% of site area [2]</u>	<u>2.5% of site area [2]</u>	<u>2.5% of site area [2]</u>
<u>Density</u>			
<u>Minimum</u>	<u>20 du/ac</u>	<u>20 du/ac</u>	<u>20 du/ac</u>
<u>Maximum [3]</u>	<u>48 du/ac</u>	<u>48 du/ac</u>	<u>53 du/ac</u>
<u>Setbacks</u>	<u>See Chapter 17.57</u>	<u>See Chapter 17.57</u>	<u>See Chapter 17.57</u>

Notes:

[1] A hotel with a height up to 85 feet is allowed in the perimeter zone.

[2] See Section 17.57.040.B (Publicly Accessible Open Space) for open space landscaping requirements.

[3] Maximum density only for Housing Element Sites. For other parcels, see 17.24.035.D.2.b.

**2. Parcels Not a Housing Element Site.** On a Capitola Mall parcel that is not a Housing Element Site (APNs 034-261-07 and 034-261-52), the following apply:

a. The maximum residential density is 20 dwelling units per acre

b. Development shall comply with the development standards in Section 17.24.030 (Development Standards) except as otherwise modified in this section.

**3. Density.**

a. **Calculation.**

i. The density of a proposed development on the Capitola Mall property is calculated on a project-wide basis as the number of dwelling units per acre of land, using the total combined land area for all contiguous parcels under single ownership regardless of whether dwelling units are proposed on an individual parcel.

ii. The land area used to calculate density includes the following:

(a) Privately owned and maintained publicly accessible open space; and

(b) Private streets, sidewalks, pathways and other similar private circulation improvements except where dedicated for public use consistent with paragraph iii below and

(c) Areas subject to tenant lease controls and private easements.

(d) Perimeter street frontage improvements on privately owned property subject to a public access easement or dedication pursuant to Section 17.57.050.A.h.3.d.

iii. The land area used to calculate density excludes public rights of way, public easements, and public open space dedicated to the City

iv. The “density” definition in Section 17.160.020.D.6 does not apply to the Capitola Mall property.

b. Minimum Density – Alternative Compliance. If an owner of multiple parcels within the Capitola Mall property proposes an initial phase of development that does not meet the minimum density standard, including but not limited to a commercial-only building or commercial-only project, the applicant may demonstrate compliance by recording, to the satisfaction of the City Attorney, a legal instrument that establishes an increased minimum residential density on other parcels within the Capitola Mall property under the applicant’s control, such that the affected parcels collectively achieve an overall minimum density of 20 dwelling units per acre.

**4. Parking.** Minimum on-site parking spaces shall be provided as follows:

a. Tier 1 Projects: As required by Chapter 17.76 (Parking and Loading).

b. Tier 2 and Tier 3 Mixed-Use Projects: As shown in Table 17.24-7 for residential uses. For non-residential uses, as required by Chapter 17.76 (Parking and Loading).

**Table 17.24-7: Required Residential Parking for Tier 2 and Tier 3 Mixed-Use Projects**

<u>Unit Size</u>	<u>Minimum Spaces per Unit</u>
<u>Studio</u>	<u>0.8</u>
<u>1 bedroom</u>	<u>1.0</u>
<u>2 bedroom</u>	<u>1.6</u>
<u>3 bedroom</u>	<u>2.0</u>

c. Parking spaces for residential units must be in a parking structure.

**5. Floor Area Ratio.**

a. All structured parking and hotels are excluded from the floor area used to calculate a project’s FAR.

b. For Tier 2 and Tier 3 projects, rooftop decks are excluded from the floor area calculation.

**6. Height Projections.**

a. Up to fifteen percent of the total building frontage along a perimeter or interior street may include architectural features and building infrastructure that project up to 10 feet above the maximum permitted building height identified in Table 17.24-5. Permitted height projections include the following:

- i. Corner building elements.
- ii. Tower or vertical accent features.
- iii. Parapets or roofline projections with distinctive architectural treatment.

b. Elevator overruns, stair enclosures, mechanical equipment, and similar building infrastructure may project above the maximum permitted building height within any portion of a building footprint.

**7. Objective Standards.** Development on the Capitola Mall property shall comply with the requirements in Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment).

**8. Inclusionary Housing Requirement.** New residential development on the Capitola Mall property shall comply with the City's inclusionary housing ordinance in Municipal Code Chapter 18.02 (Affordable (Inclusionary) Housing) except as follows.

a. A minimum of 15 percent of the dwelling units shall be deed restricted affordable to lower income households and a minimum of 5 percent of the units are either deed restricted affordable to moderate income households or studio units with a kitchen and living space but without a separate bedroom.

b. Rental and ownership housing projects must provide either on-site affordable units or dedicate land that satisfies the criteria below in lieu of concurrently constructing inclusionary units within the housing development project. Payment of in-lieu fees is not permitted. Dedicated land must comply with the following:

- i. The dedicated land must be on the Capitola Mall property.
- ii. The amount of dedicated land must be sufficient to accommodate the required number of affordable units otherwise required for the proposed housing project.
- iii. The offer of dedication shall be made prior to or concurrently with the filing of the final subdivision map or prior to issuance of the first building permit, whichever occurs earlier.
- iv. The offer of dedication may occur only after the City approves the conditional use permit and all other discretionary planning permits required for the affordable development, except for a design permit which may be approved by the City after the dedication.
- v. The dedicated land and the affordable units shall be subject to a deed restriction ensuring continued affordability of the units at affordability levels sufficient to satisfy the otherwise-applicable inclusionary requirement.
- vi. The land must be dedicated to the City or to a housing developer approved by the City. The City may require the applicant to identify and transfer the land to the developer.
- vii. The applicant shall identify a proposed source of funding for the affordable units and off-site infrastructure necessary to serve such units not later than the date of approval of the final subdivision map, parcel map, or residential development application.

**E. Land Use Regulations.** All land use regulations and permit requirements in Section 17.24.020 (Land Use Regulations) apply to development with new residential uses on the Capitola Mall property, except as follows:

1. Within a Tier 2 or Tier 3 mixed-use project, the following land uses are permitted "P" uses:

- a. All hotels.
- b. All retail uses.
- c. Eating and drinking establishments, excluding bars and lounges.
- d. Commercial entertainment and recreation excluding such uses with an ancillary bar or lounge.
- e. Cultural institutions

2. All residential development, with or without a new commercial component, is allowed with a conditional use permit.

3. The City has determined that residential uses on the Capitola Mall property consistent with this chapter and Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment) are in compliance with the City's General Plan and are conditionally allowed in the CR zoning district. Therefore, the City's review of a Conditional Use Permit for residential development on the Capitola Mall property shall focus on requiring conditions related to the following considerations, provided that such conditions shall not deny the residential development or reduce project density:

- a. Interior site layout (e.g., arrangement and configuration of different uses, public open space, and structures).
- b. Site access and internal circulation.
- c. Operating characteristics (hours of operation, traffic generation, lighting, noise, odor, dust, and other external impacts).
- d. Public services and infrastructure.
- e. Project phasing.
- f. Property maintenance.

4. On a Housing Element Site, a project with less than 50 percent of the new floor area occupied by residential uses is prohibited except where allowed as provided in Section 17.24.035.D.3.b (Minimum Density – Alternative Compliance).

#### **F. Fiscal Impact Analysis.**

1. **When Required.** A Fiscal Impact Analysis (FIA) is required in connection with the application for any proposed development project with new residential uses on the Capitola Mall property, except that an FIA is not required for a stand-alone 100 percent affordable housing development project.

#### **2. Contents of Fiscal Impact Analysis.**

- a. Each FIA shall include, at a minimum:
  - 1. An estimate of the incremental change to annual recurring revenues and expenditures to the City generated by the project at buildout, including but not limited to property tax, sales tax, transient occupancy tax, and service costs (police, public works, parks, administration).
  - 2. Identification of any net fiscal surplus or deficit to the City's General Fund and special revenue funds over 10, 15, and 20-year horizons.

3. A description of proposed mitigation measures or financing mechanisms (e.g., community facilities district, development agreement contributions) to offset any projected negative fiscal impact.

4. Supporting assumptions, data sources, and methodology.

b. The FIA shall consider City cost implications resulting from publicly accessible open space, maintained by the property owner and not the City, provided in the proposed development.

### **3. Review and Approval.**

a. The applicant shall submit for City review a FIA prepared by a qualified economic consultant concurrently with the applicant's submittal of a development application.

b. The applicant's FIA shall be peer reviewed by a qualified independent economic consultant hired by the City and funded by the applicant.

c. Based on the results of the peer and City review of the FIA, the City may require revisions to the FIA analysis assumptions, data sources, and methodology.

d. When reviewing and acting on the proposed development project, the City shall consider the findings of the FIA to inform the decision-making body about future land use and planning decisions that may be necessary in response to the proposed development project's fiscal impacts. The findings of an FIA shall not be used as a basis to deny or reduce the density of a housing project.

4. Relationship to Other Requirements. The FIA requirement is in addition to, and does not replace, any environmental or infrastructure impact analyses required under CEQA, this title, or other applicable law.

**G. Permit Application and Review.** A proposed project with new residential uses on a Housing Element Site is subject to the permit application and review requirements in Zoning Code Part 4 (Permits and Administration) except as modified below.

#### **1. Applicant Community Meeting.**

a. Meeting Required. The applicant shall host a community meeting for the proposed project to:

i. Notify the community that an application has been or soon will be submitted to the City;

ii. Allow the community to share with the applicant comments about the project; and

iii. Create an opportunity for the applicant to consider these comments before finalizing the application to the City review and action.

b. Timing.

i. The City will deem the application complete only after the applicant has hosted the community meeting.

ii. The meeting shall be held during evening hours or on a weekend.

c. Notice Method. At least 10 days prior to the community meeting, the applicant shall notify the community and the City by:

i. Mailing notice to all property owners and residents within a radius of 300 feet from the exterior boundaries of the subject property;

ii. Posting a sign of at least 2.5 feet by 3 feet in a conspicuous place on each street frontage along the subject property; and

iii. Emailing and mailing notice to the City of Capitola Community and Economic Development Department.

d. Notice Contents. The notice shall:

i. State the date, time, and location of the community meeting;

ii. Describe the proposed project;

iii. Describe the meeting purpose; and

iv. Provide a contact phone number and email address of the applicant or agent.

e. Meeting Materials and Agenda. At the meeting the applicant shall share the project plans and answer questions about the proposed project.

f. Information to City. The applicant shall submit to the City the following information and materials:

i. A copy of the public notice mailed and posted for the meeting; and

ii. A copy of the information presented and made available (in all formats) by the applicant at the meeting.

**2. Application Review and Action.**

a. The Planning Commission shall review the proposed project at a noticed public hearing and recommend that the City Council approve, approve with conditions, or deny the proposed project.

b. After receiving the Planning Commission’s recommendation, the City Council shall review and act on the proposed project at a noticed public hearing.

**17.24.040 Residential mixed use development in commercial zoning districts.**

A. Purpose and Applicability. This section establishes design standards for mixed use development with housing above ground-floor commercial uses in the community commercial (C-C) and regional commercial (C-R) zoning districts. These standards are intended to promote successful mixed use development that is pedestrian-friendly and contributes to the vitality of commercial districts in Capitola. These standards do not apply to the Capitola Mall property.

B. Standards.

1. Ground-Floor Uses. Ground-floor spaces fronting the primary street shall be occupied by retail, restaurant, and personal service uses that generate pedestrian activity.

2. Building Placement. Buildings shall be placed near the edge of the sidewalk. Increased setbacks are permitted if they enhance pedestrian experience and add visual interest.

3. Building Orientation. Buildings shall be oriented towards a public street with the primary entrance to the site or building directly accessible from an adjacent sidewalk. The planning commission may allow buildings and their primary entrances to be oriented toward a public space. The primary entrance to a building shall not be oriented towards surface parking.

4. Blank Walls. The length of an unarticulated/blank building wall shall not exceed ten feet. Architectural articulation should have a similar pattern as other adjacent buildings to provide cohesive design in the neighborhood. Building articulation may be provided by:

- a. Doors, windows, and other building openings;
- b. Building projections or recesses, doorway and window trim, and other details that provide architectural articulation and design interest;
- c. Varying wall planes, heights or contrasting materials and colors; and
- d. Awnings, canopies, or arcades to reinforce the pedestrian scale and provide shade and cover from the elements.

5. Storefront Width. The width of a single building/storefront shall not exceed fifty feet. Larger buildings shall be broken down into a pedestrian-scale rhythm with individual storefront widths of twenty-five to fifty feet.

6. Ground-Floor Building Transparency. The ground-floor street-facing building walls of nonresidential uses shall provide transparent windows or doors with views into the building for a minimum of sixty-five percent of the building frontage located between two and one-half and seven feet above the sidewalk. See Figure 17.24-4. Windows or doors area shall be transparent to allow views into the building. Exceptions to this transparency requirement may be allowed if the planning commission finds that:

- a. The proposed use has unique operational characteristics which preclude building openings, such as for a cinema or theater; or
- b. Street-facing building walls will exhibit architectural relief and detail, and will be enhanced with landscaping in such a way as to create visual interest at the pedestrian level.

**Figure 17.24-4: Storefront Transparency**



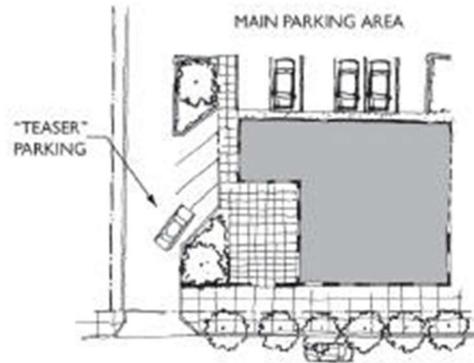
7. Retail Depth. Ground-floor commercial space shall have a depth of at least forty-five feet or two-thirds of the parcel depth, whichever is less. Where possible, sixty-foot depths are encouraged to accommodate a wider range of tenants, especially food tenants. The planning commission may grant an exception to the minimum retail depth requirement if the minimum retail depth is infeasible due to unusual physical conditions on the parcel.

8. Ground-Floor Height. Ground-floor commercial space shall have a minimum floor-to-floor height of fifteen feet. Where possible, eighteen-foot floor-to-floor heights are encouraged.

9. Parking Location. No more than ten percent of off-street retail parking may be provided along the side of retail as “teaser” parking. The remainder of the parking shall be behind the building or in underground/structured parking. See Figure 17.24-5.

10. Driveways and Curb Cuts. Pedestrian and vehicle conflicts shall be minimized by limiting the number of curb cuts to two per block and the width of curb cuts to twenty-four feet where feasible. To the extent possible, curb cuts shall be designed so pedestrian curb ramps are limited and pathways remain level as they cross the vehicle route.

**Figure 17.24-5: Residential Mixed Use – Teaser Parking**



Small amounts of "teaser" parking can act as a visual cue to direct drivers to additional parking out of view.

(Ord. 1043 § 2 (Att. 2), 2020)

## **Chapter 17.57 – Objective Design Standards for Capitola Mall Redevelopment**

### **Sections:**

- 17.57.010 \_\_\_ Purpose
- 17.57.020 \_\_\_ Applicability
- 17.57.030 \_\_\_ Definitions
- 17.57.040 \_\_\_ Permits and Deviations
- 17.57.050 \_\_\_ Standards

### **17.57.010 Purpose**

This chapter contains objective design standards for multifamily residential, residential mixed-use, commercial, and hotel development projects on the Capitola Mall property. These standards are intended to provide a set of clear, objective, and measurable standards to promote ease of review and processing and increased certainty in the outcome of the review process for housing development projects, while ensuring that Capitola Mall redevelopment projects exhibit high-quality design that enhances Capitola’s unique identity and sense of place, allow for economically feasible housing development, and maintains the regional commercial district’s role as a long-term revenue generator that sustains essential services for residents. These standards aim to facilitate housing production on the Capitola Mall property and incentivize the creation of housing that is affordable for all income levels in a vital, mixed-use environment.

### **17.57.020 Applicability**

- A. The design standards in Section 17.57.050 of this chapter apply to all development and redevelopment on the Capitola Mall property except for the following:
  1. Tenant improvements to existing buildings with no increase in building floor area.
  2. Additions to existing buildings that increase building floor area by less than 20,000 square feet or 50 percent of the existing building floor area, whichever is less.
- B. As noted in this chapter, certain standards apply only to “mall redevelopment projects” with new residential uses, while other standards apply to projects with any land, including commercial-only development.

### **17.57.030 Definitions**

Terms used in this chapter are defined in Chapter 17.160 (Glossary) and as follows. If a definition below is different from a definition for the same term in Chapter 17.160, the definition below controls for purposes of interpreting the requirements of this chapter.

- A. “Internal street” means any new public or private street established on the Capitola Mall property as part of a development project.
- B. “Mall redevelopment project” means any development project on the Capitola Mall property that adds a new residential use. A mall redevelopment project includes both residential-only projects without new commercial uses and mixed-use projects with both new residential and non-residential uses.
- C. “Perimeter street” means 41<sup>st</sup> Avenue, Capitola Road and Clares Street.
- D. “Publicly accessible open space” means an area of land or building space that is designed and improved for public use and enjoyment, and that is permanently open and accessible to the general public without charge during normal operating hours.

- E. “Residential mixed-use” means a development project with new residential uses and new commercial uses on the development site.
- F. “Residential use” means the use of land or structures for dwelling purposes, including the provision of living, sleeping, cooking, and sanitation facilities for one or more persons.

#### **17.57.040 Permits and Deviations**

##### **A. Permits Required.**

1. A design permit is required for development on the Capitola Mall property = as specified in Section 17.120.030 (When required).
2. The design permit review criteria for a Mall redevelopment project is limited to project conformance with applicable objective standards. The City shall not consider and is not required to make design permit findings in Section 17.120.080 (Findings for approval).
3. Additional permits and approvals may also be required as determined by the scope and nature of the proposed development.

##### **B. Deviations.**

1. An applicant may request deviation from one or more standards in this chapter through the design permit process. The planning commission may approve a deviation upon finding that:
 
  - a. The project incorporates an alternative method to achieve the intent statement that proceeds the standard; and
  - b. The request is needed due to unique site conditions and/or to provide for a superior project design.
2. A project requesting a deviation pursuant to this Section 17.57.040.B shall not be considered consistent with applicable, objective development standards for the purposes of qualifying for streamlined approval under Government Code Section 65913.4, Government Code Chapter 4.1, or other state laws providing a ministerial approval process for qualifying projects consistent with applicable, objective development standards. This paragraph does not apply to any benefits or modifications approved pursuant to the State Density Bonus Law (Government Code Section 65915).
3. A request for deviation pursuant to this Section 17.57.040.B shall not affect a housing development project’s eligibility for a density bonus, incentives, concessions, waivers, and/or parking reductions under Government Code Section 65915. An applicant may apply for and receive deviations pursuant to this Section 17.57.040.B regardless of whether the proposed project is eligible for a density bonus.

#### **17.57.050 Standards**

##### **A. Streets and Circulation.**

1. Intent. The intent of the streets and circulation standards is to:
 
  - a. Establish a block pattern on the mall property that maximizes public access and connectivity for vehicles, bicycles, and pedestrians;
  - b. Provide for infrastructure improvements that enable and encourage residents and visitors to walk, bike and take public transit to destinations; and
  - c. Create an active and inviting public realm that supports pedestrian activity, economic vitality, and social interaction.
2. Standards.

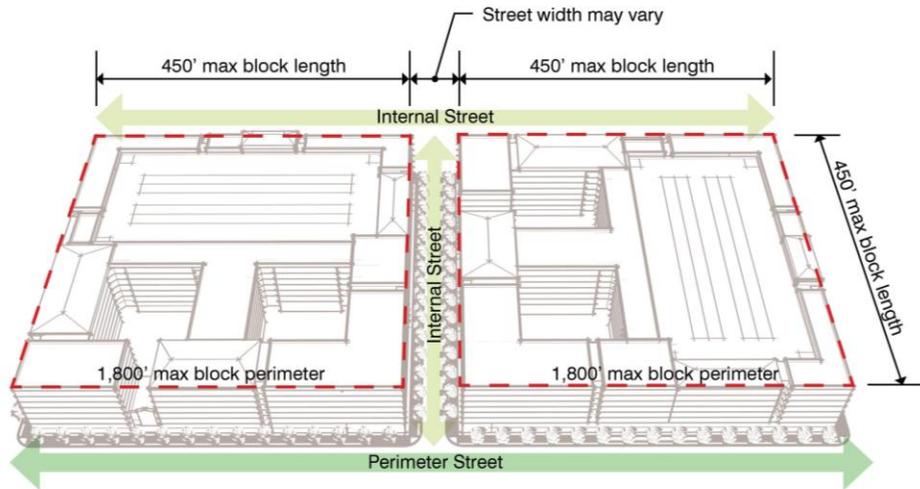
- a. **Private Internal Streets.** New internal streets shall be privately owned and maintained. As such, dedication or irrevocable offer of dedication to the City is not required for new internal streets.
- b. **New Streets Intersecting Mall Property Boundary.**
- (1) **Capitola Road.** A mall redevelopment project on APN 034-26-140 shall establish a new internal street connecting to the signalized intersection at Capitola Road that aligns and connects with 38<sup>th</sup> Avenue. See Figure 17.57-1.
  - (2) **Clares Street.** A mall redevelopment project on APN 034-26-153 shall establish a new internal street intersecting Clares Street that aligns and connects with 40<sup>th</sup> Avenue. See Figure 17.57-1.
  - (3) **41<sup>st</sup> Avenue.** A mall redevelopment project on APN 034-26-137 shall establish a new internal street connecting to 41<sup>st</sup> in the same location as the signalized intersection providing vehicular access to the Capitola Mall from 41<sup>st</sup> Avenue existing as of January 1, 2026. See Figure 17.57-1.

**Figure 17.57-1: New Streets Intersecting Mall Property Boundary**



- (4) **Additional Streets.**
    - (a) A mall redevelopment project shall establish new internal streets beyond those specified above as needed to comply with the maximum block length standard in Paragraph d (Maximum Block Lengths) below.
    - (b) New internal streets are required only on parcels on which mall redevelopment occurs.
- c. **Internal Street Connectivity.**

- (1) A mall redevelopment project shall create new internal streets that provide a vehicular connection between all perimeter streets abutting the development site.
  - (2) A mall redevelopment project application shall include a circulation diagram that shows how future potential internal streets on adjacent parcels can:
    - (a) Connect to new internal streets on the development site; and
    - (b) Provide a vehicular connection to perimeter streets that do not abut the development site.
  - (3) New internal streets shall be designed to allow for connections to existing internal circulation and future internal streets on adjacent properties within the mall block.
  - (4) Where an adjacent property within the mall block was previously redeveloped, a mall redevelopment project shall provide one or more vehicular connection between the development site and the adjacent property.
  - (5) If a new internal street cannot yet connect to an existing public street or other public way, the property owner may temporarily restrict public access to that street until such a connection becomes feasible through future adjacent development. Once a connection to another public street or public way is established, the internal street shall be opened for public use. The property owner shall remove any gates or other physical barriers to ensure permanent unrestricted public access.
  - (6) If the parcel on which mall redevelopment will occur contains an existing street, pedestrian path, or other public connection, that connection will be preserved or replaced on the parcel to maintain public access and circulation through the property.
  - (7) In all areas of the Capitola Mall property, where a project site includes an existing street or other public connection, this public connection will be maintained or relocated within the project site.
  - (8) The City may grant an exception to the standards in this Paragraph b (Internal Street Connectivity) in cases where existing structures and improvements physically preclude compliance with these standards.
- d. **Internal Street Standards.** All internal streets shall comply with street design standards and requirements of the City of Capitola and the Central Fire District of Santa Cruz County.
- e. **Maximum Block Lengths.**
- (1) Mall redevelopment shall include new streets with a maximum block length of 450 feet along any block face, measured along the edge of curb between intersecting streets. See Figure 17.57-2.
-

**Figure 17.57-2: Maximum Block Length**

- (2) Maximum block length standards apply to blocks abutting a perimeter street and blocks internal to the mall property that do not abut a perimeter street.
  - (3) The City may grant a 25 percent increase to the maximum block length standard in Paragraph 1 above in cases where compliance with the standard is infeasible due to the location of existing structures and improvements, including existing points of ingress/egress from perimeter streets, that will remain on the property.
- f. **Pedestrian and Bicycle Circulation.**
- (1) A mall redevelopment project shall include a network of pedestrian and bicycle facilities that connect all new and existing buildings on the site to each other, to publicly-accessible open space areas, to commercial uses on adjacent properties, and to perimeter streets.
  - (2) All pedestrian and bicycle facilities shall comply with the City of Capitola Public Improvement Design Standards and the adopted 41st Avenue and Clares Street Corridor Plan. Where sidewalk and pedestrian realm standards in this chapter conflict with the Public Improvement Design Standards, this chapter governs.
  - (3) The following requirement applies when an internal street is established that connects two abutting perimeter streets:
    - (a) At least one continuous bike lane or bike path shall also connect the two abutting perimeter streets.
    - (b) For any portion of the internal street that abuts ground-floor commercial uses, sharrows may be provided as an alternative to the bike lane or path.
- g. **Circulation Plans.**
- (1) A mall redevelopment project application shall provide vehicular, bicycle, and pedestrian circulation plans that show the location of all streets, bicycle facilities, and pedestrian walkways on the development site and demonstrate compliance with all applicable standards.
  - (2) The vehicular circulation plan shall include street sections specifying travel lane widths and pedestrian improvements consistent with Paragraphs g (Internal Street Frontages) and h (Perimeter Street Frontages) below.
- h. **Street Frontage Improvements**

- (1) **When Required – Internal Streets.**
- (a) Frontage improvements described in this section are required for all internal streets created on a development site.
  - (b) Frontage improvements described in this section are required on an abutting parcel controlled by the developer but outside the development site if the improvements are:
    - i. Necessary to provide complete pedestrian facilities on both sides of a new internal street included in the development; and
    - ii. Consistent with the circulation plan required by paragraph g (Circulation Plan) above.
- (2) **When Required – Perimeter Streets.**
- (a) A mall redevelopment project abutting a perimeter street shall install street frontage improvements described in this section.
  - (b) Required perimeter street frontage improvements shall be installed for the entire parcel frontage when one or both of the following occur:
    - i. Redevelopment occurs on the parcel.
    - ii. The parcel area is included in the calculation of the development project's maximum permitted density.
- (3) **Required Components and Dimensions.**
- (a) Street frontage improvements shall include a building frontage zone, pedestrian clear path, and landscape/street furniture zone that comply with the minimum dimensions in Table 17.57-1 and Figures 17.57-3 and 17.57-4.
  - (b) Improvements with the minimum dimensions in Table 17.57-1 are required for all street frontages, including frontages that abut publicly accessible open space, surface parking, other conditions where a building is not present.
  - (c) Perimeter street frontage improvements shall be consistent with the adopted City of Capitola Corridor Plan for 41<sup>st</sup> Avenue, Capitola Road, and Clares Street. In cases of conflict between this section and the Corridor Plan, the Corridor Plan governs. For Tier 1 and 2 projects, minimum dimensions are measured from the property line. For Tier 3 projects, the City may allow street frontage improvements within the public right-of-way consistent with the 41<sup>st</sup> Avenue Capitola Road Corridor Plan and subject to City approval.
  - (d) Perimeter street curb location will be based on the Corridor Plan and other applicable City transportation plans and policies. The City shall require the developer to provide a public access easement or dedication for perimeter street sidewalks on public property.
-

**Table 17.57-1: Street Frontages**

<u>Pedestrian Realm</u>	<u>Internal Street</u>	<u>Perimeter Street</u>
<u>Total Minimum Width [1]</u>	<u>16 ft.</u>	<u>20 ft.</u>
<u>Component Minimum Width</u>		
<u>Building Frontage Zone</u>	<u>4 ft.</u>	<u>4 ft.</u>
<u>Pedestrian Clear Path</u>	<u>6 ft.</u>	<u>6 ft.</u>
<u>Landscape/Street Furniture Zone [2]</u>	<u>4 ft.</u>	<u>6 ft.</u>

Notes:[1] To achieve the total minimum width, one or more component must exceed the minimum width shown in this table.

[2] Dimension calculation excludes the curb.

**Figure 17.57-3: Internal Street Pedestrian Realm**



**Figure 17.57-4: Perimeter Street Pedestrian Realm****(4) Deviations from Minimum Dimensions.**

(a) The Planning Commission may approve a deviation to the minimum dimensions in Table 17.57-1 to:

- i. Create public plazas, forecourts, or widened sidewalk segments that enhance pedestrian gathering and activity;
- ii. Accommodate outdoor seating, café areas, or active ground-floor uses that animate the public realm;
- iii. Incorporate mid-block paseos or alternative bicycle and pedestrian connections that improve walkability and connectivity.

(b) Deviating frontages must comply with the following standards at all times:

- i. Minimum total pedestrian realm width: 16 feet for internal streets and 20 feet for perimeter streets.
- ii. Minimum pedestrian clear path: 6 feet.

**(5) Building Frontage Zone.**

(a) The building frontage zone is the land area between a building and a sidewalk or pedestrian pathway.

(b) The building frontage zone shall be landscaped, except for:

- i. Areas required for vehicular or pedestrian access to the building;
- ii. Areas for residential patios, porches, stoops, stair landings, fire escapes and other similar entry features;

- iii. Courtyards, outdoor seating areas, and other similar outdoor spaces serving a commercial use; and
- iv. An expanded public sidewalk when adjacent to ground-floor commercial uses.
- (c) A building frontage zone may include green stormwater infrastructure to comply with Municipal Regional Stormwater Permit requirements.
- (6) **Pedestrian Clear Path.** The developer shall install a sidewalk with the minimum pedestrian clear path shown in Table 17-57-1.
- (7) **Landscape/Street Furniture Zone – Internal Streets.** The following standards apply only to internal streets.
  - (a) **Street Trees.** Street trees shall be provided within the landscape/street furniture zone as follows:
    - i. Spacing between trees: maximum 30 feet on center.
    - ii. Tree well size: minimum 4 feet each direction.
    - iii. Planter well surfacing: tree grates, permeable pavers, decomposed granite, understory plants, or similar treatments as determined by City.
    - iv. Street tree selection: tree species shall be selected from the City of Capitola recommended tree list or in consultation with the City. Street tree species shall be consistent along each street.
  - (b) **Street Furnishings.** Furnishings such as bicycle racks, seating, and trash receptacles shall be provided in the landscape/street furniture zone consistent with the following standards.
    - i. Furnishings shall maintain a minimum 5-foot clearance around driveways, fire hydrants, and transit stops.
    - ii. Bicycle racks shall be inverted-U or post-and-loop style, securely anchored, and capable of supporting the frame in two points of contact.
    - iii. Seating/benches shall feature a minimum depth of 18 inches, height of 17 inches, and length of 4 feet.
    - iv. Trash receptacles shall have a minimum 30-gallon capacity with lids to control litter and stormwater entry.
    - v. Furnishing colors and materials shall be selected in consultation with the City to be durable, vandal resistant, and low maintenance.
  - (c) **Pedestrian Lighting.** Pedestrian lighting shall be provided in the landscape/street furniture zone consistent with the following standards.
    - i. Fixtures shall have a mounting height of 12 to 16 feet.
    - ii. All luminaires shall be full-cutoff or shielded to prevent glare and light spillover.
    - iii. Light poles shall be located a minimum of 2 feet behind the curb.
    - iv. Poles shall maintain a minimum 5-foot setback from driveways and intersections.
    - v. Light poles shall be spaced 40 to 60 feet on center, generally staggered on both sides of the street or per the photometric plan approved by the City.
    - vi. Lighting shall not obstruct the pedestrian through-zone or accessibility features such as curb ramps.

- vii. A minimum vertical clearance of 7 feet shall be maintained above all sidewalks.
- viii. Light poles and fixture shall comply with City standard specifications and shall be selected to be durable, vandal resistant, and low maintenance.
- (8) **Landscape/Street Furniture Zone – Perimeter Streets.** For perimeter streets, improvements in the landscape/street furniture zone shall be installed consistent with the 41<sup>st</sup> Avenue and Clares Street Corridor Plan.
- (9) **Maintenance and Public Access Agreement.** Internal and perimeter street frontages shall be privately maintained and included in the recorded maintenance and public access agreement.
- (10) **Green Infrastructure.**
  - (a) Green stormwater infrastructure to capture and treat runoff may be incorporated into the pedestrian realm to comply with the Municipal Regional Stormwater Permit requirements. Consolidated shared treatment areas are also allowed in other locations on the site.  
  
Where green stormwater infrastructure is included in internal and perimeter street frontages, the recorded operations and maintenance plan required for NPDES permit shall be included in the recorded maintenance agreement for the street frontages.

## **B. Publicly Accessible Open Space**

1. **Intent.** The intent of the publicly accessible open space standards is to:
  - a. Establish a cohesive network of public plazas, parks, and other open spaces that provide gathering areas, connection to nature, and visual relief within the urban environment;
  - b. Ensure that open spaces are designed for comfort, accessibility, and year-round use by people of all ages and abilities;
  - c. Create a connected and vibrant public realm that enhances community identity, supports economic development, increases social interaction, enhances the visitor experience, and contributes to the overall livability of a mall mixed use redevelopment project with high density housing; and
  - d. Facilitate housing production with objective open space standards that allow for feasible mall redevelopment projects.
2. **Standards.**
  - a. **When Required.** A mall redevelopment project shall provide publicly accessible open space as required by this section.
  - b. **Permitted Types.**
    - (1) Required publicly accessible open space may be provided in the form of plazas, squares, parks, parklets, and paseos/pedestrian paths as described below.
      - (a) **Plaza:** A plaza is primarily composed of hardscape surfaces, designed to support social gathering, pedestrian activity, and civic life within an urban context.
      - (b) **Square:** A square is intended for everyday use and community events with a predominantly landscaped or lawn surface for recreation, relaxation, and public assembly functions.
      - (c) **Park:** A park is primarily composed of landscape and natural elements for recreation, leisure, and ecological functions with landscaped green areas, tree canopy, and opportunities for passive and active recreation.

- (d) **Parklet:** A parklet is a small-scale space providing a place for rest, social interaction, and greenery within an urban or commercial environment.
  - (e) **Paseo/Pedestrian Path:** A paseo/pedestrian path is a publicly accessible pedestrian passageway that provides a connection between streets and open spaces within an urban block.
  - (2) Permitted types of publicly accessible open space include rooftop open space located above a building which is open to the general public without charge and utilized for outdoor recreation, leisure, and/or public gathering functions.
- c. **Total Amount.**
- (1) The minimum amount of publicly accessible open space shall be:
    - (a) 2.5 percent of project site area for a Tier 2 and Tier 3 mixed-use project as defined in Section 17.24.035.C (Definitions); and
    - (b) 5 percent of project site area for a Tier 1 project as defined in Section 17.24.035.C (Definitions).
  - (2) Areas that qualify as publicly accessible open space must be located on the development site and comply with all applicable standards in this section.
  - (3) The following are excluded from the publicly accessible open space area calculation:
    - (a) Street frontage improvement areas required by Section 17.57.050.A.h (Street Frontage Improvements).
    - (b) Driveways, loading areas, fire lanes, and vehicular circulation areas.
    - (c) Private or semi-private spaces, including outdoor dining areas, café seating, patios, or other spaces limited to customers, tenants, or residents.
  - (4) Sidewalks and pathways internal to a publicly accessible open space are included in the open space calculation.
- d. **General Standards.** The following standards apply to all publicly accessible open space required by paragraph c (Total Amount) above. Open space areas that exceed minimum required amounts are not subject to these standards.
- (1) For all open space in a Tier 2 or Tier 3 mixed-use project a minimum of 25 percent of the open space area shall be planted with ground cover and/or shrubs, unless otherwise specified within this section. For Tier 1 projects, a minimum of 50 percent of the required open space area shall be landscaped.
  - (2) A minimum of one tree shall be planted per 400 square feet of open space, unless otherwise specified within this section.
  - (3) The open space shall be publicly accessible for a minimum 12 consecutive hours per day or during daylight hours, whichever is longer.
  - (4) The open space shall be directly accessible and visible from a publicly accessible street or pathway.
  - (5) The open space shall have a minimum area of 3,000 square feet and a minimum dimension of 20 feet in any direction.
  - (6) The open space shall have permanent seating (e.g., seat walls, planter ledges, benches, picnic tables, and seating steps).
  - (7) The open space shall include lighting for nighttime use.

e. **Ownership and Maintenance.**

- (1) Publicly accessible open space must be either be:
  - (a) Offered as dedication to the City with an associated maintenance funding mechanism acceptable to the City (such as a Community Facilities District or other equivalent arrangement); or
  - (b) Privately owned and maintained with dedication of a public access easement, subject to a recorded maintenance agreement.
- (2) In all cases, publicly accessible open spaces shall be maintained at no public expense.

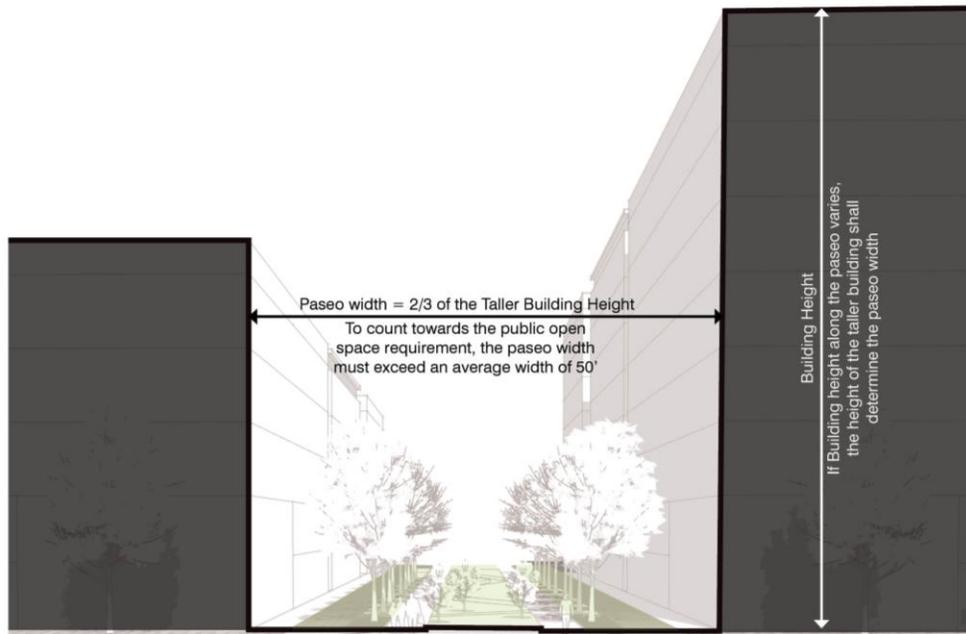
f. **Central Gathering Place.**

- (1) A project on a development site greater than 10 acres must include a central gathering place that:
  - (a) Supports civic and commercial activities such as farmers' markets, performances, and seasonal events; and
  - (b) Serves as a flexible gathering space for all ages and abilities.
- (2) The minimum size of the central gathering place is 12,000 square feet.
- (3) The central gathering place shall be a plaza, square, or park (Tier 1 projects only) and must include the following:
  - (a) Street trees along adjacent sidewalks.
  - (b) Vehicle traffic limited to no more than three sides of the plaza/square.
  - (c) Traffic-calming features such as crosswalks, pedestrian-oriented intersections and landscaped buffers.
  - (d) Furnishings such as benches, chairs, tables and drinking fountains.
  - (e) Awnings and coverings, either attached to buildings or freestanding, to provide weather protection.
  - (f) Features that encourage and accommodate public gathering, such as pavilions, kiosks, bandstands, and public art.
- (4) For a Tier 2 or Tier 3 mixed-use project, the central gathering place must be a plaza or square and must either:
  - (a) Contain retail pavilions with terraces and outdoor seating to accommodate dining, gathering, and public activities; or
  - (b) Include retail, restaurants, or other active ground-floor commercial uses fronting at least one side of the square.
- (5) A plaza/square for a Tier 2 or Tier 3 mixed-use project must include landscaping as follows:
  - (a) A minimum of 20 percent of the plaza/square landscaped with any combination of living plants, trees, shrubs, or grass. Required landscaping may be provided in raise planters.
  - (b) A minimum of one tree per 1,000 feet of square area, excluding street trees. If a large signature tree is provided with an expected canopy greater than 40 feet diameter, this tree may count as two trees toward the requirement.

g. **Paseo/Pedestrian Path.** A paseos/pedestrian path may count towards minimum required public open space if it complies with the following standards.

- (1) The paseo/pedestrian path must comply with all standards in 17.57.050.B.2.d (General Standards).
- (2) Minimum width (average building-to-building distance): two-thirds of the tallest adjacent building height or 50 feet, whichever is greater. See Figure 17.57-5.
- (3) Minimum clear pedestrian walkway width: 6 feet.
- (4) Private building functions (e.g., residential patios, outdoor dining) may project into the minimum required paseo width. However, such areas are not included in the required publicly accessible open space area calculation.

**Figure 17.57-5: Paseo Width**



**C. Parking and Vehicle Access.**

1. **Intent.** The intent of the parking and vehicle access standards is to:
  - a. Support a pedestrian-friendly streetscape, walkable neighborhoods, and active and inviting public realm;
  - b. Minimize the visual dominance of parking facilities visible from the street frontage; and
  - c. Encourage residents to walk, bike, and/or take transit to destinations, rather than drive.
  - d. Provide a seamless experience for residents and visitors when arriving and parking in commercial areas.
2. **Standards.**
  - a. **Surface Parking Lots.**
    - (1) **Internal Streets.**
      - (a) Excluding hotels, surface parking may not be located between a building and an internal street. Parking must be behind or adjacent to a street-facing building.

- (b) If surface parking is located adjacent to an internal street, frontage improvements required by Section 17.57.050.A.2.h (Street Frontage Improvements) shall be provided between the parking area and the street.
- (2) **Perimeter Streets.**
- (a) Existing surface parking lots located between a building and a perimeter street may continue to be used by new and existing uses.
- (b) Existing surface parking lots abutting a perimeter street may be reconfigured as necessary to facilitate connectivity to new streets or land uses part of a mall redevelopment project.
- (c) Frontage improvements between an existing surface parking lot and a perimeter street shall be provided as required by Section 17.57.050.A.2.h.
- b. **Internal Street Driveways.**
- (1) The maximum width of a driveway crossing an internal street sidewalk is 12 feet for a one-car driveway and 22 feet for a two-car driveway. Greater driveway width is allowed to comply with fire district standards.
- (2) A maximum of two curb cuts for one-way traffic and one curb cut for two-way traffic are permitted per 150 feet of lineal internal street frontage. Deviation from this standard is allowed to comply with fire district standards.
- c. **Street-Facing Garages Serving Individual Units.** Street-facing garages serving individual units (e.g., front-loaded townhomes) are not allowed.
- d. **Structured Parking.** The following standards shall apply to new stand-alone parking structures and structured parking incorporated into a building.
- (1) Except for vehicle and pedestrian entrances to the garage, all parking garages shall be concealed from internal and perimeter street view by:
- (a) Lining the street-facing portion of the parking garage with a residential or commercial use with a minimum depth of 20 feet; or
- (b) Incorporating facade treatments that fully screen all internal vehicle parking facilities from view. Screening elements shall include architectural detailing, glazing, louvers, or other materials that provide visual depth and interest. Solid, unarticulated concrete walls or blank façades are not permitted.
- (2) Parking garage vehicle entrances facing the street shall be no more than 24 feet wide. Garage entries to loading and utility/service areas shall not exceed 30 feet in width.
- (3) Partially sub-grade parking shall not have an exposed facade that exceeds 5 feet in height above abutting grade at back of sidewalk.
- (4) Partially sub-grade parking shall include a landscaped planter between the street and the garage facade. The planter shall be at least 4 feet wide with a planting height and vegetative cover sufficient to fully screen the podium edge and ventilation openings from view. At maturity, plantings shall comprise a minimum of 75 percent of the total landscape planter area.
- e. **Loading and Servicing.**
- (1) Loading docks and service areas serving a corner building shall be located on the secondary street frontage (i.e., frontage with less anticipated pedestrian activity)
- (2) Maximum width: 40 feet.

**D. Building Placement and Orientation.**

1. **Intent.** The intent of the building placement and orientation standards is to:
  - a. Ensure that new buildings adjacent to perimeter streets are appropriately integrated into the surrounding community fabric;
  - b. Support a pedestrian-oriented public realm with an attractive and welcoming streetscape character;
  - c. Support cohesive neighborhoods and social interaction internally and along perimeter streets through building placement and orientation; and
  - d. Facilitate housing production with building placement standards that allow for feasible Capitola Mall redevelopment projects.
2. **Standards.**
  - a. **Perimeter Street Setbacks.** The ground-level of a building that abuts a perimeter street shall be setback from the property line as required to comply with perimeter street frontage standards in 17.57.050.A.2.h (Perimeter Street Frontages).
  - b. **Interior Street Setbacks.** The ground-level of a building that abuts an interior street shall be setback from the street curb as necessary to accommodate the pedestrian realm improvements specified in 17.57.050l.A.2.g (Internal Street Frontages).
  - c. **Upper-Level Projections** Building elements such as bay windows, turrets, or other architectural features intrinsic to the building structure may project into required building frontage zone, subject to the following:
    - (1) Maximum projection into building frontage zone: 3 feet.
    - (2) The bottom of the architectural feature shall be a minimum of 10 feet above grade for residential frontages and 12 feet above grade for commercial frontages.
    - (3) No more than 50 percent of the facade area may have these elements project into the building frontage zone.
  - d. **Entrance Orientation.**
    - (1) Primary building entrances shall face an adjacent street, publicly accessible pathway, or publicly accessible open space.
    - (2) A pedestrian walkway shall provide a connection between the adjacent sidewalk and all building entrances. The walkway shall have a minimum width of 4 feet for individual unit entrances and 6 feet for shared entrances.

**E. Building Massing.**

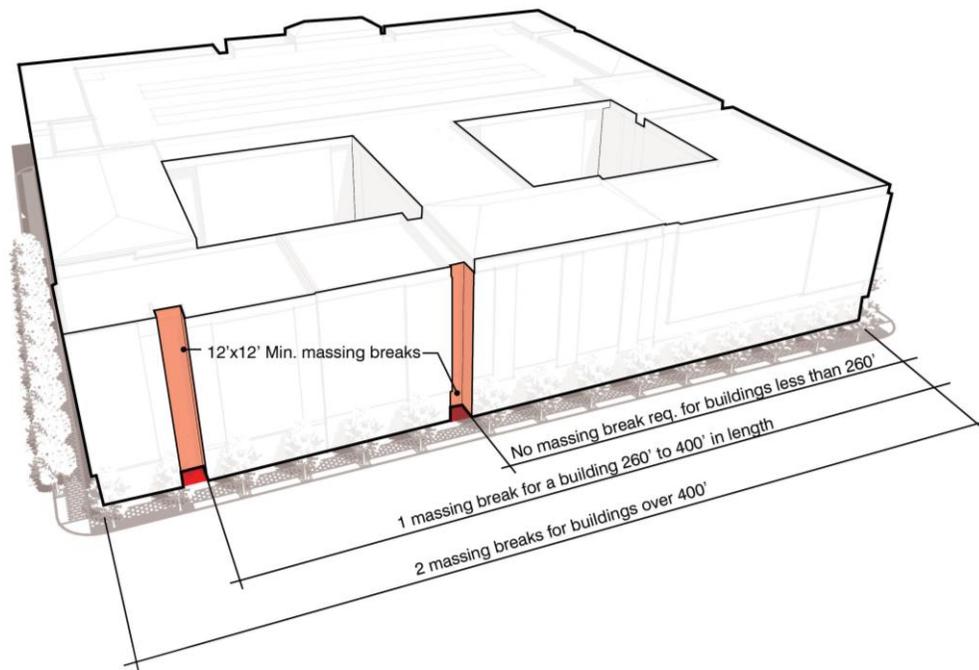
1. **Intent.** The intent of the building massing standards is to:
  - a. Break down large building volumes to reduce the perceived mass and box-like appearance of buildings;
  - b. Create visual interest on street-facing building facades;
  - c. Minimize impacts on adjacent lower-intensity uses outside of the Capitola Mall property; and
  - d. Facilitate housing production with building massing standards that allow for feasible Capitola Mall redevelopment projects.
2. **Standards.**
  - a. **Maximum Building Length.**

- (1) The length of a building, measured parallel to the adjoining street or publicly accessible open space, shall not exceed 450 feet.
- (2) If the City grants an increase to the maximum block length standard pursuant to 17.57.050.A.2.d.3, an increased building length is permitted equal to the permitted block length.

b. **Massing Breaks.**

- (1) Buildings facing a street or publicly accessible open space shall provide massing breaks as follows (See Figure 17.57-6):
  - (a) Buildings less than 260 feet in length: none required.
  - (b) Buildings 260 to 400 feet in length: minimum one required.
  - (c) Buildings greater than 400 feet: minimum two required.
- (2) Required massing breaks shall feature a horizontal change in the building plane with a minimum width of 12 feet and a minimum depth of 12 feet.
- (3) The change in building plane shall extend from the finished ground floor through the full height of the building including breaking the roof plane.

**Figure 17.57-6: Massing Breaks**



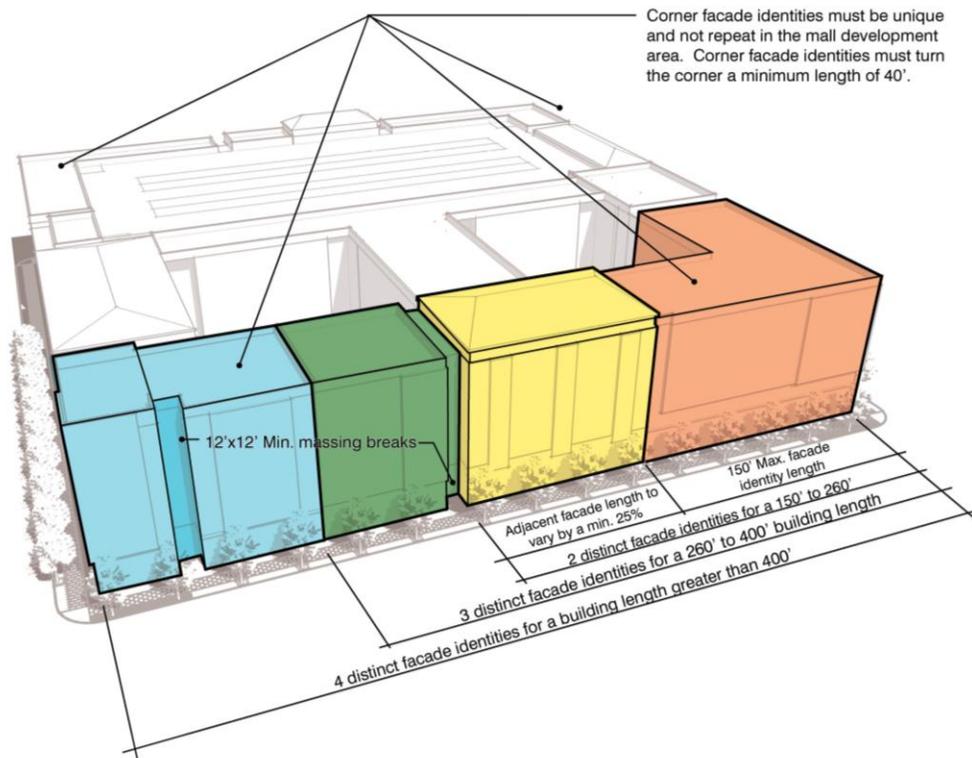
- c. **Building Height.** See Section 17.24.035 (Capitola Mall Redevelopment) for maximum building height standards, including building height limitations adjacent to perimeter streets.

## F. Facade and Roof Design.

1. **Intent.** The intent of the facade and roof design standards is to:
  - a. Support an active and welcoming pedestrian environment;
  - b. Create street-facing building facades that are varied and interesting with human-scale design details;
  - c. Incorporate architectural elements that reduce the box-like appearance and perceived mass of buildings;
  - d. Ensure that new development reflects the scale, rhythm, and authenticity of a traditional urban block;
  - e. Reflect Capitola's diverse architecture with varied and distinct facade identities at regular intervals within each block; and
  - f. Prevents a large project from appearing monolithic.
2. **Standards.**
  - a. **Unique Facade Identities.**
    - (1) A facade identity is a visually distinct portion of the building frontage characterized by a unique combination of massing, materials, colors, architectural expression, and window rhythm that differentiates it from adjacent portions of the building frontage.
    - (2) A building facade greater than 150 feet facing a street or publicly accessible open space shall include multiple unique facade identities as shown in Table 17.57-3 and Figure 17.57-7.:

**Table 17.57-3: Required Distinct Facade Identities**

<b><u>Building Length</u></b>	<b><u>Minimum Facade Identities Required</u></b>
<u>&gt; 150 ft and ≤ 260 ft</u>	<u>2 facade identities</u>
<u>&gt; 260 ft and ≤ 400 ft</u>	<u>3 facade identities</u>
<u>&gt; 400 ft</u>	<u>4 facade identities</u>

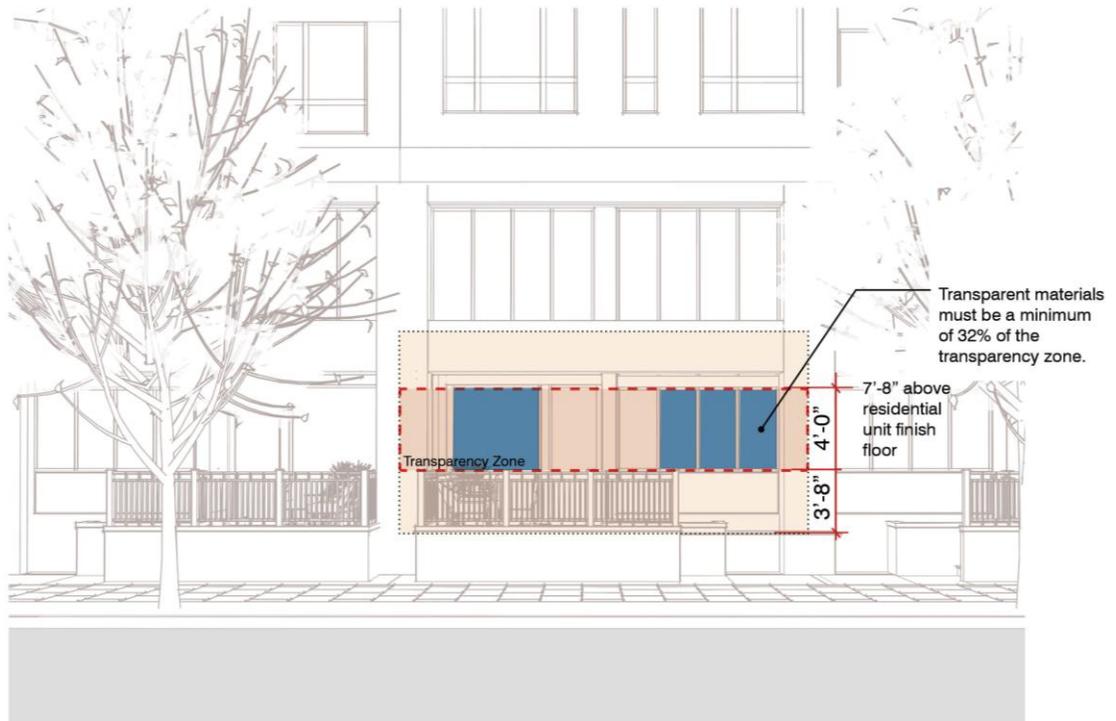
**Figure 17.57-7: Unique Facade Identities**

- (3) To qualify as a distinct facade identity, each identity must incorporate all of the following differentiating elements:
- A materially different primary cladding.
  - A contrasting color palette.
  - A distinct window pattern or rhythm.
  - Distinct building facade modulation patterns and forms (e.g., changes in patterns of building wall recesses and projections).
  - Varied roof/building height.
  - A unique ground-floor treatment (e.g., storefront articulation, residential stoops).
- (4) Each unique facade identity shall comply with the following:
- No individual facade identity may have a length less than 40 feet or greater than 160 feet.
  - The length of a facade identity shall vary by at least 25 percent from the length of an adjacent identity.
  - Each facade identity must be visually unique.
  - Corner facade identities may not repeat within the mall redevelopment area.
  - Mid-block facade identities may not repeat on the same block.
  - A facade identity at the end of a block must turn the corner and continue for a minimum of 40 feet.

- (5) To ensure each facade identity reads as a distinct architectural element, adjacent facade identities shall be separated by a recess no less than 12 inches in width by 12 inches in depth.
- (6) Roof parapets of adjacent facade identities shall vary by one or more of the following methods:
  - (a) Change in parapet height by 5 feet.
  - (b) Parapet setback created by a massing break or terrace.
  - (c) Change in roof form from flat to sloped.

b. **Residential Ground-Floor Design.** See Figure 17.57-8.

**Figure 17.57-8: Residential Ground-Floor Design**



- (1) **Transparency.** A residential ground-floor building facade facing a street or publicly accessible open space shall include transparent windows, entries, and/or clear glazing for a minimum 32 percent of ground-floor frontage located between 3 feet 8 inches and 7 feet 8 inches above the finished floor.
- (2) **Open Space Frontages.** Where a ground-floor residential use faces a publicly accessible open space required by Subsection B (Publicly Accessible Open Space), excluding paseos and pathways, a minimum of 75 percent of the facade frontage shall contain dwelling units, lobby, gym area, or other similar active space accessed and used by residents..
- (3) **Finished Floor Level.** The finished floor level of ground floor residential units shall be no greater than 4 feet above the adjacent sidewalk grade.
- (4) **Shared Entrances.** The following standards apply to all primary building entrances shared by two or more units.
  - (a) **Minimum Width:** The width of the entry shall be no less than 10 feet.

- (b) **Transparency.** Minimum 60 percent transparent glazing between 3 and 7 feet for the required entry width.
- (c) **Weather Protection.**
  - i. To provide weather protection, the shared entrance shall include a projecting awning, canopy, extended eave, or other similar feature above the entry; a recessed entry; or a combination of the two.
  - ii. Minimum projection or recess depth: 5 ft.
- (d) **Visual Prominence.** Primary building entrances must be clearly visible from the street with visual prominence. Projects must select one or more of the following methods to satisfy this requirement:
  - i. Changes in building form and modulations, including recessed or projecting entry bays and changes in the roofline or wall height above the entry.
  - ii. Entry materials and colors that contrast with surrounding facade treatment.
  - iii. Fenestration pattern that contrasts with surrounding window treatment.
  - iv. Projecting architectural elements surrounding the entrance, such as awnings, canopies, columns, and porticos.
- (5) **Entrances to Individual Units.** Entrances to individual units (e.g., townhome entrances) must be emphasized with one or more of the following:
  - (a) An awning or canopy above the entry with a minimum outward projection of 3 feet and minimum width sufficient to clear the entrance on both sides.
  - (b) A recess in the building wall with a minimum width of four feet and depth of two feet.
  - (c) A covered porch, providing access to the entry, with a minimum area of 70 square feet with a dimension of 6 feet in any direction.
  - (d) A patio with minimum dimensions of five feet by five feet. A patio may include a partition not to exceed 42 inches in height between the sidewalk and the patio to define the transition between public and private space.
- c. **Commercial Ground-Floor Design (Excludes Hotels).** The following standards apply to both vertical mixed-use and stand-alone commercial buildings.
  - (1) **Ground Floor Height.** The ground level shall have minimum floor to floor height of 18 feet. For single-story buildings, minimum grounds floor height is measured to top of structure.
  - (2) **Transparency.**
    - (a) A ground-floor building wall that faces a street or publicly accessible open space shall provide transparent windows or doors with views into the building between 3 and 10 feet above the finished floor as follows – see Figure 17.57-9):
      - i. Primary facade: minimum 65 percent.
      - ii. Secondary facade: minimum 40 percent.
    - (b) Primary facade means the facade of a building that:
      - i. Contains the main public entrance to the commercial uses; and
      - ii. Is oriented towards the street or publicly accessible open space with the most anticipated pedestrian activity.

(c) Secondary facade means all other facades of a building that are not the primary facade.

**Figure 17.57-9: Commercial Ground-Floor Transparency**



- (3) **Entrances.** Publicly accessible entrances shall include weather protection with either:
- (a) A projecting non-fabric awning, canopy, extended eave, or other similar feature above the entry, minimum four feet wide by four feet deep; or
  - (b) A recessed entry, minimum four feet wide by four feet deep.
- (4) **Maximum Blank Wall Length.** The width of ground-floor building walls facing a street or publicly accessible open space without a window, entry, or other transparent opening shall not exceed 25 feet
- (5) **Tenant Space Depth.** Ground floor commercial buildings shall provide a minimum tenant space depth of 35 feet.
- (6) **Signs.** Signs must comply with standards in Chapter 17.80 (Signs).
- d. **Hotel Street Presence.** A minimum of one hotel building facade shall front a perimeter street or internal street in compliance with the following requirements:
- (1) Surface parking lots are prohibited between the building facade and the sidewalk.
  - (2) Street parking and porte-cochères drop-off areas are permitted between the building facade and the street.
  - (3) A building entrance accessed from the sidewalk shall provide access to the hotel lobby.
  - (4) Loading docks and service areas may not front the street.
- e. **Windows and Doors.** All windows above the ground floor, shall include trim, reveals, recesses, or other detailing to define window openings.

- f. **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.
- g. **Materials.** The following exterior facade materials are prohibited on any building elevation facing a street or publicly accessible open space:
  - (1) Vinyl siding.
  - (2) T-111 plywood siding.
  - (3) Plastic or PVC-based siding systems.
  - (4) Exterior insulation and finish systems (EIFS) used for architectural decoration, trim or accent materials.
  - (5) Simulated stone within first 20 feet above the adjacent grade.
  - (6) Veneer products that are not rated for impact resistance within the first 30 inches above the adjacent grade.
  - (7) Corrugated metal used as a primary facade material (roof and facade accents allowed).

**G. Other Site Features.**

- 1. **Intent.** The intent of the other site features standards is to:
  - a. Minimize visual clutter on a development site;
  - b. Enhance the design character of the public realm; and
  - c. Support an active and welcoming pedestrian environment.
- 2. **Standards.**
  - a. **Refuse Storage Areas.** Refuse storage and collection areas shall be located in a building or screened from public view by a solid enclosure.
  - b. **Ground-Mounted Mechanical Equipment and Utilities.**
    - (1) Ground-mounted mechanical equipment and utilities shall be screened from view from streets, pedestrian pathways, and open space through the use of landscaping, building design, fences and walls, and/or other types of screening. Equipment that must be screened includes transformers, pump stations, backflow preventers, valves, and air conditioning units.
    - (2) Ground-mounted mechanical equipment and utilities are prohibited within the landscape /street furniture zone as described in Section 17.57.050.A (Streets and Circulation).

## Chapter 17.82

### OBJECTIVE STANDARDS FOR MULTIFAMILY AND MIXED-USE RESIDENTIAL DEVELOPMENT

#### Sections:

- 17.82.010 Purpose.
- 17.82.020 Applicability.
- 17.82.030 Deviations.
- 17.82.040 Circulation and streetscape.
- 17.82.050 Parking and vehicle access.
- 17.82.060 Building placement, orientation, and entries.
- 17.82.070 Building massing.
- 17.82.080 Facade and roof design.
- 17.82.090 Other site features.

#### **17.82.010 Purpose.**

This chapter contains objective standards for multifamily and mixed-use residential development. These standards are intended to help ensure that proposed development exhibits high-quality design that enhances Capitola's unique identity and sense of place.

#### **17.82.020 Applicability.**

##### A. Land Use.

1. The standards in this chapter apply to new multifamily dwellings, attached single-family homes (townhomes), and mixed-use development that contain both a residential and nonresidential use.
2. This chapter does not apply to detached-single-family dwellings, including subdivisions of multiple single-family homes.

##### B. Zoning Districts.

1. The standards in this chapter apply in all zoning districts except for the single-family (R-1) and mobile home (MH), ~~mixed use village (MU-V), and industrial (I) districts.~~

2. This chapter does not apply to the Capitola Mall property. Residential development on the Capitola Mall property must comply with Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment).

#### **17.82.030 Deviations.**

An applicant may request deviation from one or more standards through the design permit process. The planning commission may approve a deviation upon finding that the project incorporates an alternative method to achieve the intent statement that proceeds the standard. A project requesting a deviation is not eligible for streamlined ministerial approval under Government Code Section 65913.4.

#### **17.82.040 Circulation and streetscape.**

##### A. Intent. The intent of the circulation and streetscape standards is to:

1. Enhance the visual character and aesthetic qualities of the city.
2. Encourage pedestrian mobility with safe, functional, and attractive sidewalks.
3. Provide for sufficient sidewalk widths to accommodate street trees and an ADA-compliant pedestrian clear path.
4. Provide for appropriate and attractive transitions from the public to private realm.
5. Promote social engagement along property frontages.

B. Standards.

1. Sidewalks. Outside of designated sidewalk exempt areas, public sidewalks abutting a development parcel shall have a minimum sidewalk width (back of curb to back of walk) as follows:

- a. RM and MU-N zones: six feet. If the sidewalk ties into an existing four-foot sidewalk, the minimum sidewalk width is four feet.
- b. C-C and C-R zones: ten feet.

2. Street Trees.

- a. At least one street tree for every thirty feet of linear feet of sidewalk length shall be provided within the sidewalk.
- b. A minimum forty-eight-inch pedestrian clear path shall be maintained adjacent to street trees.
- c. Sidewalk tree wells shall be minimum thirty-six inches in width by minimum thirty-six inches in length. Tree grates are required for sidewalks less than seven feet in width.
- d. Street trees shall be located a minimum fifteen feet from power and/or other utility poles and “small” per PG&E’s “Trees and shrubs for power line-friendly landscaping” to reduce potential utility line conflicts.
- e. Street trees shall not be planted over buried utilities, public or private.
- f. Street trees shall be planted with approved root guard to encourage downward root growth.
- g. The variety of street tree to be planted must be approved by the city as part of a landscape plan.

3. Public Access Easement. If the existing public right-of-way area between the curb and the property line is insufficient to meet the minimum standards above, extension of the sidewalk onto the property, with corresponding public access easement or dedication, shall be provided.

**17.82.050 Parking and vehicle access.**

A. Intent. The intent of the parking and vehicle access standards is to:

- 1. Support a pedestrian-friendly streetscape, walkable neighborhoods, and active and inviting mixed-use districts.
- 2. Minimize the visual dominance of parking facilities visible from the street frontage.
- 3. Encourage residents to walk, bike, and/or take transit to destinations, rather than drive.

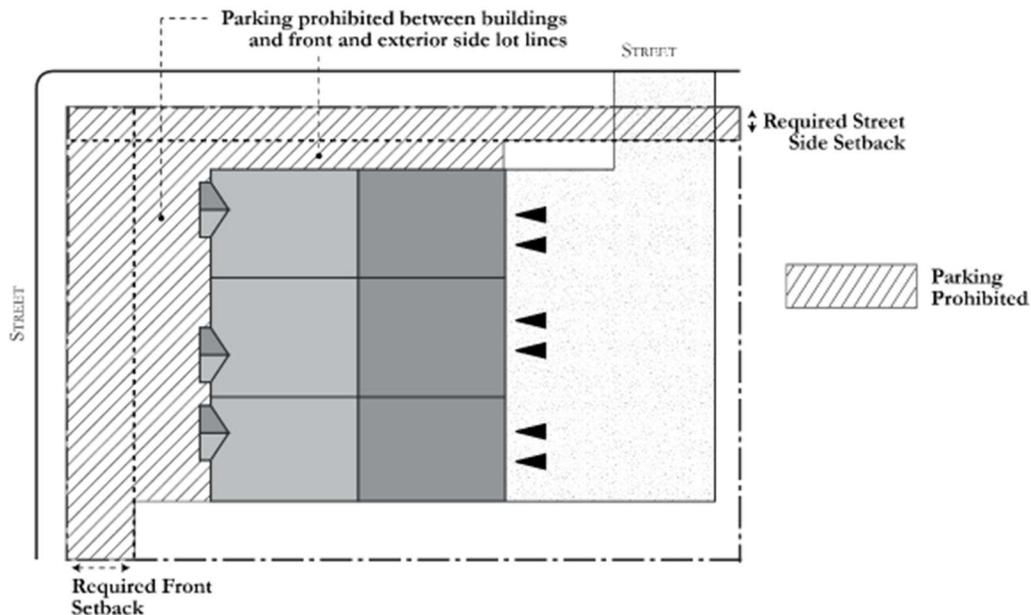
B. Standards.

1. Parking Placement.

- a. As shown in Figure 17.82-1, surface parking spaces may not be located:
  - i. In a required front or street side setback area; or
  - ii. Between a primary structure and a front or street side property line.
- b. The director may administratively approve an exception to this requirement for age-restricted senior housing developments or when necessary to provide ADA-compliant parking. For such exceptions, the following standards apply:

- i. Parking areas adjacent to a street must include a landscaped planting strip between the street and parking area at least four feet wide with a minimum planting height of thirty-six inches.
- ii. Plantings and screening materials may include a combination of plant materials, earth berms, solid decorative masonry walls, raised planters, or other screening devices that are determined by the director to meet the intent of this requirement.
- iii. Trees must be provided within the planting strip at a rate of at least one tree for each thirty feet of street frontage with a minimum distance of not more than sixty feet between each tree. Tree species must reach a mature height of at least twenty feet.

**Figure 17.82-1: Parking Placement**



2. **Driveway Width.** The maximum width of a new driveway crossing a public sidewalk is twelve feet for a one-car driveway and twenty feet for a two-car driveway. Greater driveway width is allowed if required by the fire district.
3. **Number of Driveways.** A maximum of two curb cuts for one-way traffic and one curb cut for two-way traffic are permitted per street frontage per one hundred fifty feet of lineal street frontage. Deviation from this standard is allowed if required by the fire district.
4. **Garage Width and Design.**
  - a. Garage doors may occupy no more than forty percent of a building's street frontage and shall be recessed a minimum of eighteen inches from a street-facing wall plane.
  - b. Street-facing garage doors serving individual units that are attached to the structure must incorporate one or more of the following so that the garage doors are visually subservient and complementary to other building elements:
    - i. Garage door windows or architectural detailing consistent with the main dwelling.
    - ii. Arbor or other similar projecting feature above the garage doors.

iii. Landscaping occupying fifty percent or more of driveway area serving the garage (e.g., “ribbon” driveway with landscaping between two parallel strips of pavement for vehicle tires).

#### 5. Podium Parking.

a. Landscaping Strip. Partially submerged podiums adjacent to a street must include a landscaped planter between the street and podium at least four feet wide with a planting height and vegetative cover sufficient in height to fully screen the podium edge and ventilation openings from view. At maturity, plantings must comprise a minimum of seventy-five percent of the total landscape planter area.

#### b. Residential-Only Projects.

i. The maximum height of lower-level parking podium adjacent to the street is five feet above finished sidewalk grade.

ii. First-floor units above a street-facing podium must feature entries with stoops and stairs providing direct access to the adjacent sidewalk.

c. Mixed-Use Projects. The podium parking entry shall be recessed a minimum of four feet from the front street-facing building facade.

#### 6. Loading.

a. Loading docks and service areas on a corner lot must be accessed from the side street.

b. Loading docks and service areas are prohibited on the primary street building frontage. (Ord. 1053 § 2 (Att. 1), 2022)

### **17.82.060 Building placement, orientation, and entries.**

A. Intent. The intent of the building placement, orientation, and entries standards is to:

1. Support cohesive neighborhoods and social interaction with outward-facing buildings.
2. Support a pedestrian-oriented public realm with an attractive and welcoming streetscape character.
3. Provide for sensitive transition from the public realm (sidewalk) to the private realm (residences).
4. Provide adequate area behind buildings for parking.

B. Standards.

#### 1. Maximum Front Setback.

a. RM zone: twenty-five feet or front setback of adjacent building, whichever is greater.

b. MU-N zone: twenty-five feet.

c. C-C and C-R zones: twenty-five feet from edge of curb.

#### 2. Front Setback Area.

a. All areas between a building and adjoining sidewalk shall be landscaped with live plant materials, except for:

i. Areas required for vehicular or pedestrian access to the property; and

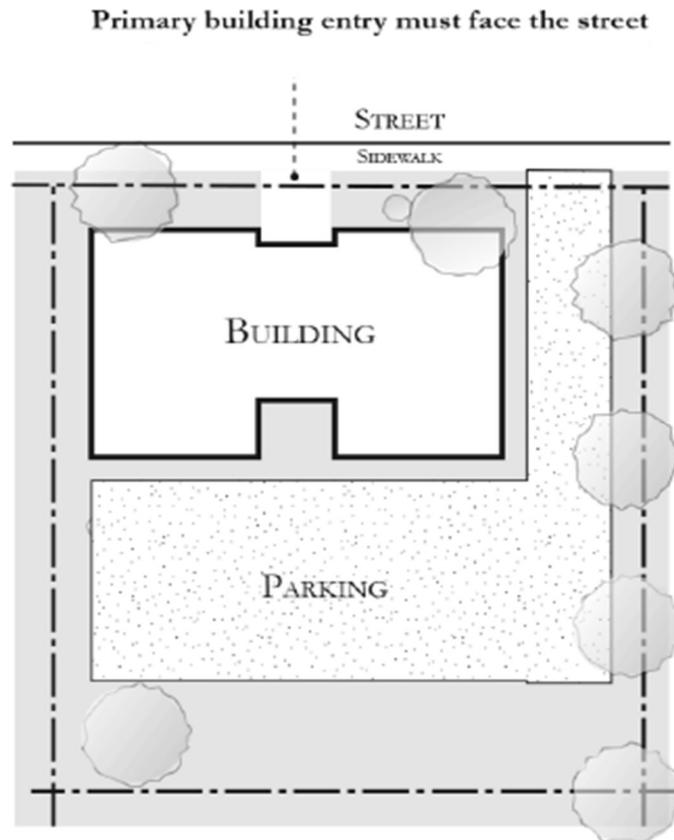
ii. Courtyards, outdoor seating areas, and other similar outdoor spaces for residents, customers and/or the general public.

b. Landscaping shall consist of any combination of trees and shrubs, and may include grass or related natural features, such as rock, stone, or mulch. At maturity, plantings must comprise a minimum of seventy-five percent of the total landscape area.

### 3. Building Entrances.

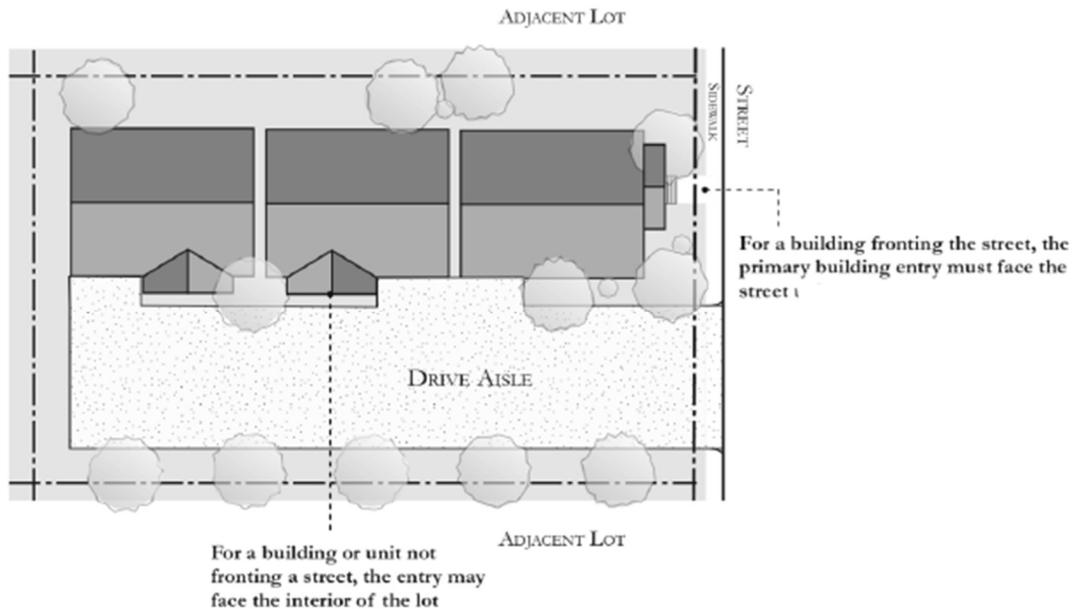
a. For buildings with one primary entrance that provides interior access to multiple individual dwelling units, the primary building entrance must face the street. A primary building entrance facing the interior of a lot is not allowed. See Figure 17.82-2.

**Figure 17.82-2: Building Entry Orientation – Single Primary Entry**



b. On lots where units have individual exterior entrances, all ground floor units with street frontage must have an entrance that faces the street. If any wall of a ground floor unit faces the street, the unit must comply with this requirement. For units that do not front the street, entrances may face the interior of the lot. See Figure 17.82-3.

**Figure 17.82-3: Building Entry Orientation – Multiple Primary Entries**



c. The director may administratively approve an exception to the entry-orientation standards in this section for residential-only projects on Bay Avenue, Capitola Road, and 41st Avenue north of Jade Street that comply with all of the following standards:

- i. At least one pedestrian walkway per fifty feet of property street frontage must connect the adjacent sidewalk to the interior of the lot.
- ii. The area between a building and the street must be landscaped, except for private open space for units (patios) and pedestrian pathways.
- iii. Continuous solid fences between buildings and the street are prohibited. Private outdoor space, if provided, may be defined by a low fence at least fifty percent transparent.
- iv. Street-facing buildings may not exceed a width of one hundred feet.

4. Pedestrian Walkway. A pedestrian walkway, minimum six-foot width, shall provide a connection between the public street and all building entrances (i.e., residents shall not be required to walk in a driveway to reach their unit).

#### C. Entry Design.

##### 1. Residential Projects.

- a. A street-facing primary entrance must feature a porch, covered entry, or recessed entry clearly visible from the street that gives the entrance visual prominence. Entrances must be connected to the adjacent sidewalk with a pedestrian walkway.
- b. Front porches must comply with the following:
  - i. The front porch must be part of the primary entrance, connected to the front yard and in full view of the streetway.
  - ii. Minimum dimensions: six feet by five feet.

- iii. The porch or covered entry must have open-rung railings or landscaping defining the space.
  - c. Recessed entries must feature design elements that call attention to the entrance such as ridged canopies, contrasting materials, crown molding, decorative trim, or a forty-five-degree cut away entry. This standard does not apply to secondary or service entrances.
2. Mixed-Use Projects. Entrances to mixed-use buildings with ground-floor commercial must be emphasized and clearly recognizable from the street. One or more of the following methods shall be used to achieve this result:
- a. Projecting nonfabric awnings or canopies above an entry (covered entry);
  - b. Varied building mass above an entry, such as a tower that protrudes from the rest of the building surface;
  - c. Special corner building entrance treatments, such as rounded or angled facets on the corner, or an embedded corner tower, above the entry;
  - d. Special architectural elements, such as columns, porticos, overhanging roofs, and ornamental light fixtures;
  - e. Projecting or recessed entries or bays in the facade;
  - f. Recessed entries must feature design elements that call attention to the entrance such as ridged canopies, contrasting materials, crown molding, decorative trim, or a forty-five-degree cut away entry; and
  - g. Changes in roofline or articulation in the surface of the subject wall.
3. Street-Facing Entries to Upper Floors. Street-facing entries to upper floors in a mixed-use building shall be equal in quality and detail to storefronts. This standard may be satisfied through one or more of the following:
- a. Dedicated nonfabric awning, canopy, or other projecting element;
  - b. Dedicated light fixture(s);
  - c. Decorative street address numbers or tiles;
  - d. Plaque signs for upper-floor residences.

**17.82.070 Building massing.**

A. Intent. The intent of the building massing and open space standards is to:

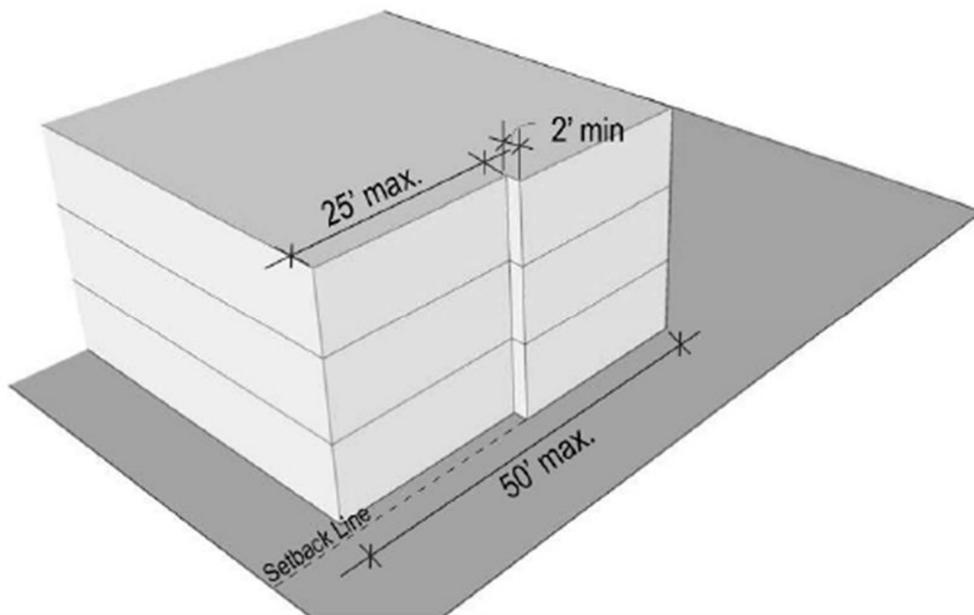
- 1. Provide for human-scale and pedestrian-friendly building massing where large buildings are broken into smaller volumes that fit into the surrounding neighborhood.
- 2. Provide for sensitive transitions to adjacent lower-density residential uses.
- 3. Minimize visual and privacy impacts to neighboring properties.

B. Standards.

1. Massing Breaks.

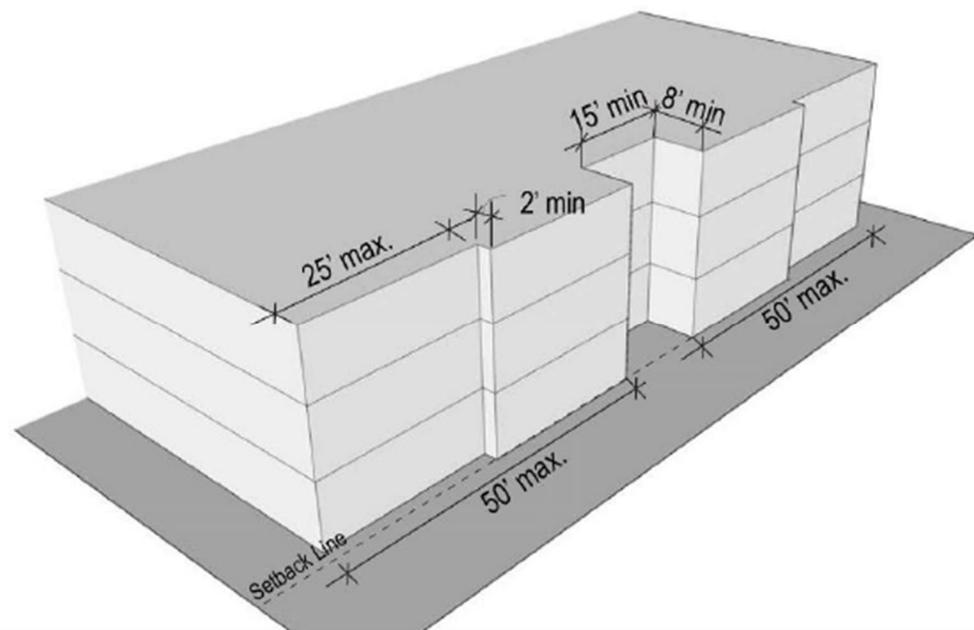
- a. All street-facing building facades twenty-five feet or more in length shall incorporate a building projection or recess (e.g., wall, balcony, or window) at least two feet in depth. See Figure 17.82-4.

Figure 17.82-4: Massing Breaks – Twenty-Five-Foot Module



b. Buildings that exceed fifty feet in length along a street facade shall provide a prominent recess at intervals of fifty feet or less. The recess shall have a minimum of depth of eight feet and minimum width of fifteen feet. See Figure 17.82-5.

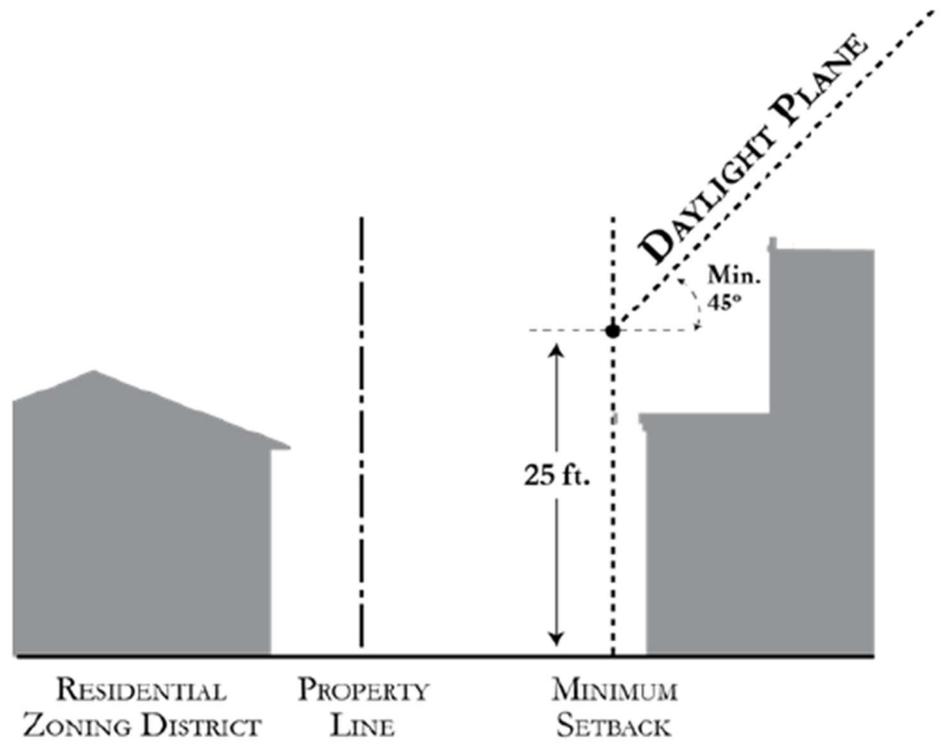
Figure 17.82-5: Massing Breaks – Fifty-Foot Module



2. Residential Transitions. Development sharing a side or rear lot line with the R-1 district shall comply with the following:

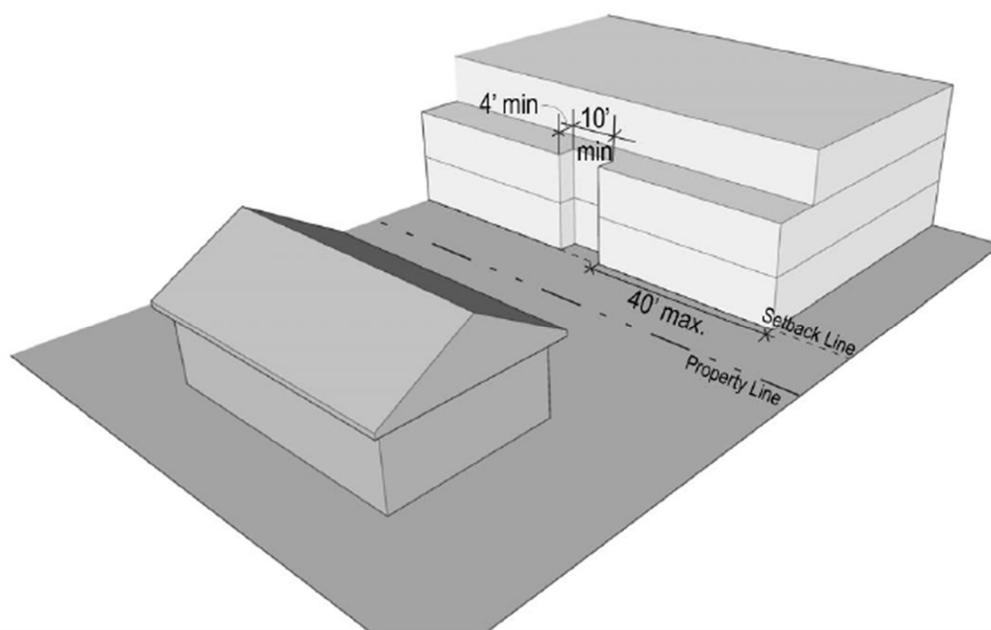
a. No structure shall extend above or beyond a daylight plane having a height of twenty-five feet at the setback from the residential property line and extending into the parcel at an angle of forty-five degrees. See Figure 17.82-6.

Figure 17.82-6: Daylight Plane



b. A side building wall adjacent to a single-family dwelling may not extend in an unbroken plane for more than forty feet along a side lot line. To break the plane, a perpendicular wall articulation of at least ten feet in width and four feet in depth is required. See Figure 17.82-7.

Figure 17.82-7: Break in Side Building Wall

**17.82.080 Facade and roof design.**

A. Intent. The intent of the facade and roof design standards is to:

1. Create street-facing building facades that are varied and interesting with human-scale design details;
2. Incorporate architectural elements that reduce the perceived mass and box-like appearance of buildings;
3. Provide for buildings designed as a unified whole with architectural integrity on all sides of the structure;
4. Promote design details and materials compatible with the existing neighborhood character; and
5. Minimize privacy impacts to neighboring properties.

B. Standards.

1. Blank Wall Areas.

- a. The area of a blank building wall fronting a public street may not exceed a square area where the height and width are both ten feet. See Figure 17.82-8.
- b. A break in a blank building wall may be provided by any of the following:
  - i. Doors, windows, or other building openings.
  - ii. Building projections or recesses, decorative trim, trellises, or other details that provide architectural articulation and design interest.
  - iii. Varying wall planes where the wall plane projects or is recessed at least six inches.
  - iv. Awnings, canopies or arcades.
  - v. Murals or other similar public art.

Figure 17.82-8: Blank Walls



2. Windows and Doors. Street-facing windows and doors shall comply with one of the following:
  - a. All street-facing windows and doors feature built-up profile trim/framing. Windows must include sills and lintels. Trim/framing must project at least two inches from the building wall with material that visually contrasts from the building wall.
  - b. For all street-facing windows, glass is inset a minimum of three inches from the exterior wall or frame surface to add relief to the wall surface.
3. Facade Design. Each side of a building facing a street shall include a minimum of two of the following facade design strategies to create visual interest:
  - a. Projecting Windows. At least twenty-five percent of the total window area on the street-facing building wall consists of projecting windows. The furthest extent of each projecting window must project at least one foot from the building wall. This requirement may be satisfied with bay windows, oriel windows, bow windows, canted windows, and other similar designs.
  - b. Window Boxes. A minimum of fifty percent of street-facing windows feature window boxes projecting at least one-half foot from the building wall.
  - c. Shutters. A minimum of fifty percent of street-facing windows feature exterior decorative shutters constructed of material that visually contrasts from the building wall.
  - d. Prominent Front Porch. A front porch with a minimum depth of six feet and width of twelve feet providing access to the unit's primary entrance.
  - e. Balconies. Balconies, habitable projections, or Juliet balconies, with at least twenty percent of the linear frontage of the street-facing building wall containing one or more above-ground balcony.
  - f. Shade/Screening Devices. Screening devices such as lattices, louvers, shading devices, awnings, nonfabric canopies, perforated metal screens, with such a device occupying at least twenty percent of the linear frontage of the street-facing building wall.
  - g. Datum Lines. Datum lines that continue the length of the building, such as cornices, with a minimum four inches in depth, or a minimum two inches in depth and include a change in material.

h. Varied Exterior Color. The street-facing building walls feature two or more visibly contrasting primary colors, with each color occupying at least twenty percent of the street-facing building wall area.

i. Varied Building Wall Material. The street-facing building walls feature two or more visibly contrasting primary materials (e.g., wood shingles and stucco), with each material occupying at least twenty percent of the street-facing building wall area.

4. Roof Design. Each side of a building facing a street shall include a minimum of one of the following roof design strategies to create visual interest:

a. Roof Eaves. A roof eave projecting at least two feet from the street-facing building wall with ornamental brackets or decorative fascia and eave returns.

b. Roof Form Variation. At least twenty-five percent of the linear frontage of the building’s street-facing building roof line incorporates at least one element of variable roof form that is different from the remainder of the street-facing roof form. This requirement may be satisfied with recessed or projecting gabled roof elements, roof dormers, changes in roof heights, changes in direction or pitch of roof slopes, and other similar methods.

c. Roof Detail and Ornamentation. At least eighty percent of the linear frontage of the building’s street-facing roof line incorporates roof detail and/or ornamentation. This requirement may be satisfied with a parapet wall that is an average of at least one foot tall and has a cornice, periodic and articulated corbelling or dentils, an ornamental soffit, an offset gable clearstory, and other similar methods.

5. Neighbor Privacy.

a. Balconies, roof decks and other usable outdoor building space is not allowed on upper-story facades abutting an R-1 zoning district.

b. Sliding glass doors, French doors, and floor-to-ceiling windows are not allowed on upper-story facades abutting an R-1 zoning district.

c. Windows facing adjacent dwellings must be staggered to limit visibility into neighboring units. The vertical centerline of a window may not intersect the window of an adjacent dwelling.

6. Three-Hundred-Sixty-Degree Design. Buildings shall have consistent architectural quality on all sides, with all exterior surfaces featuring consistent facade articulation, window and door material and styles, and building wall materials and colors. (Ord. 1053 § 2 (Att. 1), 2022)

**17.82.090 Other site features.**

A. Intent. The intent of the other site feature standards is to:

- 1. Minimize visual clutter on a development site.
- 2. Enhance the design character of the public realm.
- 3. Support an active and welcoming pedestrian environment.
- 4. Minimize noise, odor, and visual impacts on neighboring residential properties.

B. Standards.

1. Refuse Storage Areas.

a. Refuse collection and storage areas may not be located:

- i. In a required front or street side setback area;

- ii. Between a primary structure and a front or street side property line;
  - iii. Within a required landscape area; or
  - iv. Within a required side setback area adjacent to an R-1 district.
- b. Refuse containers shall be located in a building or screened from public view by a solid enclosure.
2. Mechanical Equipment Screening.
- a. Rooftop mechanical equipment, including vents and stacks, shall be fully screened from view by an architectural feature, such as a parapet wall.
  - b. Ground-mounted mechanical equipment may not be located:
    - i. In a required front setback area; or
    - ii. Between a primary structure and a front property line.
3. Backflow prevention devices shall not be placed directly in front of the building but may be located in a side location of the front yard. Backflow prevention devices may be located within the front half of the lot, when located between the side building plane extending to the front property line and the side yard property line. The equipment shall be either:
- a. Screened to its full height by a combination of fencing and perennial landscaping to seventy percent opacity; or
  - b. Contained within a protective enclosure (metal grate) within a planter or landscape bed.

## 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 or on~~ the Capitola Mall ~~property~~) site that provide one or more of the following community benefits:

~~1. Capitola Mall Block Pattern. Subdivision of the existing Capitola Mall property into smaller blocks with new intersecting interior streets. May include the extension of 40th Avenue south into the mall property to form a new pedestrian-friendly private interior street.~~

12. 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.

~~3. Transit Center. Substantial infrastructure improvements to the transit center on the Capitola Mall property that are integrated with a possible future shuttle system in Capitola. The transit center may be moved to an alternative location consistent with the operational requirements of Santa Cruz Metro.~~

~~24. Affordable Housing. Affordable housing that meets the income restrictions applicable in the affordable housing (AH) overlay zone.~~

#### **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 (~~or on~~ ~~excluding~~ the Capitola Mall ~~property~~) site:

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. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

**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:

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 17.160: GLOSSARY

Sections:

- 17.160.010 Purpose.  
17.160.020 Definitions.

### 17.160.010 Purpose.

This chapter provides definitions of terms and phrases used in the zoning code that are technical or specialized, or which may not reflect common usage. If any of the definitions in this chapter conflict with others in the municipal code, these definitions shall control for only the provisions of this zoning code. If a word is not defined in this chapter or in other chapters of the zoning code, the community development director shall determine the appropriate definition.

### 17.160.020 Definitions.

A. "A" Terms.

1. "Abutting" or "adjoining" means having a common boundary, except that parcels having no common boundary other than a common corner shall not be considered abutting.
2. "Accessory dwelling unit" means a self-contained living unit, either attached to or detached from, and in addition to, the primary residential unit on a single parcel.
  - a. "Accessory dwelling unit, attached" means an accessory dwelling unit that shares at least one common wall with the primary residential unit.
  - b. "Accessory dwelling unit, detached" means a secondary dwelling unit that does not share a common wall with the primary residential unit.
3. "Accessory structure" means a structure that is incidental and subordinate to a primary structure or use located on the same parcel. Includes garages, sheds, hot tubs, pergolas, and other similar structures.
4. "Accessory use" means a land use which is incidental and subordinate to a primary land use located on the same parcel.
5. "Addition" means any development or construction activity that expands the footprint or increases the floor area of a building.
6. "Adjacent" means directly abutting, having a boundary or property line(s) in common or bordering directly, or contiguous to.
7. "Alcoholic beverage sales" means the sale of alcoholic beverages for on-site consumption at a restaurant, bar, nightclub or other establishment, or the retail sale of alcoholic beverages for off-site consumption.
8. Alteration. See "Modification."
9. "Applicant" means any person, firm, partnership, association, joint venture, corporation, or an entity or combination of entities which seeks city permits and approvals.
10. "Arbor" means a freestanding unenclosed structure with vertical latticework on two sides for climbing plants and crossbeams or lattice forming a covering connecting the sides. The space between the vertical latticework may be open or contain a bench for sitting.
11. "Assumed ground surface" means a line on each elevation of an exterior wall or vertical surface which connects those points where the perimeter of the structure meets the finished grade.
12. "Average slope" means the average slope of a parcel calculated using the formula:  $S = 100(I)(L)/A$ , where:

- a. S = Average slope (in percent);
- b. I = Contour interval (in feet);
- c. L = Total length of all contour lines on the parcel (in feet); and
- d. A = Area of subject parcel (in square feet).

B. "B" Terms.

1. "Balcony" means a platform that projects from the wall of a building thirty inches or more above grade that is accessible from the building's interior, is not accessible from the ground and is not enclosed by walls on more than two sides.
2. "Banks" means a commercial establishment providing retail banking services. Includes only establishments serving walk-in customers or clients, including banks, savings and loan institutions, check-cashing services, and credit unions.
3. "Base zoning district" means the primary zoning, as distinguished from an overlay zone, that applies to a parcel of land as shown on the zoning map.
4. "Basement" means that portion of a building between floor and ceiling, which is partly or all below grade, and where more than the vertical distance from grade to ceiling is below the average ground contact level of the exterior walls of the building.
5. "Bay window" means a window or series of windows serving as an important element of the building's architecture, forming an alcove in a room and projecting outward from the wall in a rectangular, polygonal, or curved form.
6. "Block" means the property abutting on one side of a street and lying between the two nearest intersecting streets.
7. "Bluff" or "cliff" means the scarp or steep face of rock, decomposed rocks, sediment or soil resulting from erosion, faulting, folding or excavation of land mass and exceeding ten feet in height, and includes what are commonly known as "cliffs." See also the definition of "coastal bluff" in Section 17.44.030.
8. "Building" means any structure used or intended for supporting or sheltering any use or occupancy.
9. "Building coverage" means the land area covered by all buildings and accessory structures on a parcel.
10. "Building face" means and includes the general outer surface of a main exterior wall of a building. For example, a building with a rectangular plan has four main exterior walls and four building faces.
11. "Building height" means the vertical distance measured from the assumed ground surface of the building to the highest point of the roof, ridge, or parapet wall.
12. "Business services" means an establishment that provides services to other businesses on a fee or contract basis. Includes computer rental and repair, catering, printing and duplicating services, outdoor advertising services, package delivery services, equipment rental and leasing, and other similar land uses.
13. "By right" means permitted without any form of discretionary approval.

C. "C" Terms.

1. "California Environmental Quality Act (CEQA)" means California state law (Public Resources Code Section 2100 et seq.) requiring government agencies to consider the environmental consequences of their actions before taking action on a proposed project.

2. “Capitola Mall Housing Element Sites” means all parcels on the Capitola Mall property excluding Assessor’s Parcel Numbers (APNs) 034-261-07 and 034-261-52.

3. “Capitola Mall property” means the area within the block surrounded by 41<sup>st</sup> Avenue, Capitola Road and Clares Street.

42. “Capitola Village” means the central core of Capitola generally bounded by the Monterey Bay shoreline to the south, the railroad trestle to the north and west, and Cliff Avenue and Depot Hill to the east.

53. “Car wash” means a commercial facility for the washing, waxing, or cleaning of automobiles or similar light vehicles.

64. “Caretaker quarters” means a residence that is accessory to a nonresidential primary use of the site, where needed for security, or twenty-four-hour care or supervision.

75. “Carport” means an accessory building to a residential structure, open on two, three or four sides and attached to, or detached from, a dwelling and established for the loading or unloading of passengers or the storage of an automobile.

86. “Clerestory window” means a window where the bottom of the glass is at least six feet above the finished floor height.

97. “Coastal zone” means the area of land and water extending from the state’s outer seaward limit of jurisdiction inland to the boundary as shown in Capitola’s local coastal program (LCP) as certified by the California Coastal Commission.

108. “Cohousing” means an intentional, collaborative neighborhood that combines private homes with shared indoor and outdoor spaces designed to support an active and interdependent community life.

119. “Colleges and trade schools” means institutions of higher education providing curricula of a general, religious or professional nature, typically granting recognized degrees. Includes junior colleges, business and computer schools, management training, vocational education, and technical and trade schools.

12. “Commercial” means a land use listed as a “commercial use” in one or more permitted land use table in Part 2 (Zoning Districts and Overlay Zones) of the Zoning Code.

130. “Community assembly” means a facility that provides space for public or private meetings or gatherings. Includes places of worship, community centers, meeting space for clubs and other membership organizations, social halls, union halls, banquet centers, and other similar facilities.

141. “Community benefit” means a public amenity offered by a project applicant that advances general plan goals but is not required by the zoning code or any other provision of local, state, or federal law.

152. “Commercial entertainment and recreation” means an establishment that provides entertainment or recreation activities or services for a fee or admission charge. Includes bowling alleys, electronic game arcades, billiard halls, pool halls, sports clubs, commercial gymnasiums, dancehalls, and movie theaters.

163. “Community development director” means the community development director of the city of Capitola or his or her designee.

174. “Construction and material yards” means storage of construction materials or equipment on a site other than a construction site. Includes public utility buildings and service yards used by a governmental agency.

185. “Cultural institution” means a public or nonprofit institution that engages in cultural, scientific, and/or educational enrichment. Includes libraries, museums, performing art centers, aquariums, environmental education centers, nonprofit art centers and galleries, botanical gardens, and other similar uses.

196. “Curb-side service” or “drive-up service” means service provided by a commercial establishment while a customer remains waiting within a vehicle.

207. Custom Manufacturing. See “Manufacturing, custom.”

D. “D” Terms.

1. “Dark sky compliant” means a lighting fixture that meets the International Dark Sky Association’s (IDA) requirements for reducing waste of ambient light.
2. “Day care center” means a facility that provides nonmedical care and supervision of minors for periods of less than twenty-four hours. Includes nursery schools, day nurseries, child care centers, infant day care centers, cooperative day care centers, and similar uses.
3. “Daylight plane” means the imaginary line beginning at a height of twenty feet at the setback from a property line and extending into the parcel at an angle of forty-five degrees.
4. “Deck” means an outdoor platform, either freestanding or attached to a building, which is supported by pillars or posts.
5. Demolition, Substantial. “Substantial demolition” means the removal or replacement of either fifty percent or more of the lineal footage of existing interior and exterior walls or fifty percent or more of the area of existing floor, ceilings, and roof structures.
6. “Density” means the number of dwelling units per acre of land, excluding street rights-of-way, public easements, public open space, land under water, and certified wetlands and floodplains.
7. “Design review” means that process for the city to review and act on a design permit application.
8. Designated Historic Resource. See Section 17.84.020(A) (Designated Historic Resources).
9. “Development” means any human-caused change to the land or a structure that requires a permit or approval from the city, including construction, rehabilitation, and reconstruction. See Section 17.44.030 for the definition of “development” that applies in the coastal zone.
10. “Development standards” means regulations in the zoning code that limit the size, bulk, or placement of structures or other improvements and modifications to a site.
11. “Discretionary approval” means an action by the city by which individual judgment is used as a basis to approve or deny a proposed project.
12. “Drive-through facility” means a facility where a customer is permitted or encouraged, either by the design of physical facilities or by the service procedures offered, to be served while remaining seated within a vehicle. Includes drive-through restaurants, coffee shops, pharmacies, banks, automatic car washes, drive-up windows, and other similar land uses and services.
13. “Duplex home” means a residential structure that contains two dwelling units, each with its own entrance. Each unit within a duplex home provides complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.
14. “Dwelling unit” means a building or a portion of a building containing one or more habitable rooms used or designed for occupancy by one family for living and sleeping purposes, including kitchen and bath facilities.

E. “E” Terms.

1. “Eating and drinking establishments” means businesses primarily engaged in serving prepared food and/or beverages for consumption on or off the premises.

a. “Bars and lounges” means a business devoted to serving alcoholic beverages for consumption by guests on the premises and in which the serving of food is only incidental to the consumption of such beverages. Includes cocktail lounges, nightclubs, taverns, and other similar uses. Also includes tasting rooms with more than one hundred sixty square feet of floor area accessible to the public.

b. “Restaurants and cafes” means a business establishment serving food and beverages to customers where the food and beverages may be consumed on the premises or carried out and where more than one hundred sixty square feet of public area is open to customers. Includes full service restaurants, fast-food restaurants, coffee shops, cafes, and other similar eating and drinking establishments.

c. “Take-out food and beverage” means establishments where food and beverages may be consumed on the premises, taken out, or delivered, but where the area open to customers is limited to no more than one hundred sixty square feet. Includes take-out restaurants, take-out sandwich shops, limited service pizza parlors and delivery shops, and snack bars. Also includes catering businesses or bakeries that have a storefront retail component and tasting rooms with one hundred sixty square feet or less of floor area accessible to the public. Excludes “bars and lounges.”

2. “Elderly and long-term care” means establishments that provide twenty-four-hour medical, convalescent or chronic care to individuals who, by reason of advanced age, chronic illness or infirmity, are unable to care for themselves, and are licensed as a skilled nursing facility by the state of California, including but not limited to rest homes and convalescent hospitals, but not residential care, hospitals, or clinics.

3. “Emergency shelter” means housing with minimal supportive services for homeless persons that is limited to occupancy of six months or less by a homeless person, as defined in Section 50801 of the California Health and Safety Code. An emergency shelter may include other interim interventions, including, but not limited to, a navigation center, bridge housing, and respite or recuperative care.

#### F. “F” Terms.

1. “Farmers’ market” means a market held in an open area or in a structure where groups of individual sellers offer for sale to the public such items as fresh produce, seasonal fruits, fresh flowers, locally produced arts and crafts items but excludes second-hand goods. Food and beverages dispensed from booths located on site is permitted as an accessory use.

2. “Financial institution” means a professional office conducting businesses within the financial industry. Excludes commercial establishments providing retail banking services to walk-in customers or clients (see “Banks”).

3. “Fence” means a structure connected by boards, masonry, rails, panels, or other similar permanent building material for the purpose of enclosing space or separating parcels of land. This definition includes gates but excludes hedges and other living plants.

4. “Floor area” means the sum of the horizontal areas of all floors of an enclosed structure, measured from the outside perimeter of the exterior walls as described in Section 17.48.040 (Floor area and floor area ratio).

5. “Floor area ratio” means the gross floor area of all of the buildings on the parcel divided by the net parcel area.

6. “Food preparation” means businesses preparing and/or packaging food for off-site consumption, excluding those of an industrial character in terms of processes employed, waste produced, water used, and traffic generation. Includes catering kitchens, and small-scale specialty food production.

7. “Frontage” means that portion of all property abutting a street.

#### G. “G” Terms.

1. “Garage” means an enclosed structure or a part of a building designed or used for the storage of automobiles and other motor vehicles.

2. “Garage sale” means a temporary sale for the purpose of selling, trading or otherwise disposing of household furnishings, personal goods or other tangible properties of a resident of the premises on which the sale is conducted.
3. “Gas and service stations” means a retail business establishment supplying gasoline and oil and minor accessories for automobiles. Included in this definition are incidental food and beverage and car wash facilities.
4. “Group housing” means shared living quarters without separate kitchen or bathroom facilities for each room or unit, offered for rent for permanent or semi-transient residents on a weekly or longer basis. Includes rooming and boarding houses, single-room occupancy housing, dormitories, and other types of organizational housing, and extended stay hotels intended for long-term occupancy (thirty days or more). Excludes hotels, motels, bed and breakfasts, and residential care facilities.
5. “Geological hazard” means a threat to life, property or public safety caused by geological or hydrological processes such as faulting and secondary seismic effects, including but not limited to: liquefaction, landsliding, erosion, flooding, tsunami or storm wave inundation.
6. “Government offices” means a place of employment occupied by governmental agencies and their employees. Includes offices for administrative, clerical, and public contact functions but excludes corporation yards, equipment service centers, and similar facilities that primarily provide maintenance and repair services and storage facilities for vehicles and equipment.
7. “Grading” means any and all activities involving earthwork, including placement of fill and/or excavation.
8. “Ground floor” means the first floor of a building other than a cellar or basement that is closest to finished grade.

#### H. “H” Terms.

1. “Habitable space” means an area within a building that is conditioned (heated or cooled) with a finished floor and a ceiling height of at least seven feet six inches. Excludes unfinished attics, cellars, crawl spaces, and other similar utility areas.
2. Height. See “Building height.” For structures other than buildings, “height” means the vertical distance from grade to the highest point of the structure directly above.
3. “Home day care” means a facility providing daytime supervision and care for up to fourteen children located in the provider’s own home. Includes both small and large home day care facilities as defined in California Health and Safety Code Sections 1597.44 and 1597.465.
4. “Historic resource” means either a designated historic resource or a potential historic resource as defined in Section 17.84.020 (Types of historic resources).
5. “Historic alteration permit” means the city permit required to alter the exterior of a historic resource in accordance with Section 17.84.070 (Historic alteration permit).
6. “Home occupation” means the conduct of a business within a dwelling unit or residential site, with the business activity being subordinate to the residential use of the property. Does not include “vacation rental” as defined by this chapter.

#### I. “I” Terms.

1. “Impervious surface” means any surface that does not permit the passage of water. Impervious surfaces include buildings, parking areas, and all paved surfaces.

#### J. “J” Terms. None.

#### K. “K” Terms.

1. “Kitchen” means any room or part of a room used or intended or designed to be used for cooking or the preparation of food for a single dwelling unit, and distinct from a “mini-bar/convenience area” which is intended as a supplemental food preparation area within a single-family home.

L. “L” Terms.

1. “Land use” means an activity conducted on a site or in a structure, or the purpose for which a site or structure is designed, arranged, occupied, or maintained. The meaning of the term “use” is identical to “land use.”

2. “Landscaping” means the planting and maintenance of living plant material, including the installation, use, and maintenance of any irrigation system for the plant material, as well as nonliving landscape material (such as rocks, pebbles, sand, mulch, walls, fences, or decorative paving materials).

3. “Liquor store” means a business selling alcoholic beverages for off-site consumption with the sale of alcoholic beverages constituting its primary source of revenue.

4. “Local coastal program (LCP)” means the city’s land use plan and implementation plan which includes portions of the municipal code, portions of the zoning code, zoning map (as more specifically identified in Chapter 17.44 (Coastal Overlay Zone) and actions certified by the Coastal Commission as meeting the requirements of the California Coastal Act of 1976.

5. Light Manufacturing. See “Manufacturing, light.”

6. “Lodging” means an establishment providing overnight accommodations to transient patrons for payment for periods of less than thirty consecutive days.

a. “Bed and breakfast” means a residential structure that is in residential use with one or more bedrooms rented for overnight lodging and where meals may be provided.

b. “Hotel” means an establishment providing overnight lodging to transient patrons. Hotels and motels may provide additional services, such as conference and meeting rooms, restaurants, bars, or recreation facilities available to guests or to the general public. Includes motor lodges, motels, extended-stay hotels, and tourist courts, but does not include group housing or bed and breakfast establishments, which are separately defined and regulated.

7. Lot. See “Parcel.”

M. “M” Terms.

1. “Maintenance and repair services” means businesses which provide construction, maintenance and repair services off site, but which store equipment and materials or perform fabrication or similar work on site. Includes off-site plumbing shops, general contractors, contractor’s storage yards, appliance repair, janitorial services, electricians, pest control, heating and air conditioning, roofing, painting, landscaping, septic tank service, and other similar uses.

2. “Manufacturing, custom” means establishments primarily engaged in on-site production of goods by hand manufacturing or artistic endeavor, which involves only the use of hand tools or small mechanical equipment and the incidental direct sale to consumers of only those goods produced on site. Typical uses include ceramic studios, candle making shops, woodworking, and custom jewelry manufacturers.

3. “Manufacturing, light” means the manufacture, predominantly from previously prepared materials, of finished products or parts, including processing, fabrication, assembly, treatment, and packaging of such products, and incidental storage, sales and distribution of such products, but excluding basic industrial processing and custom manufacturing.

4. “Material change” means any significant alteration, by private or public action, in the external appearance or surface of an improvement, landscape or vista. This shall not include ordinary maintenance which does not require a permit.

5. "Micro-unit" means a multifamily dwelling unit three hundred fifty square feet or less with a fully functioning kitchen and bathroom.
6. "Ministerial action" means a city decision on a planning permit which involves only the use of fixed standards or objective measurements and does not require the exercise of discretion.
7. "Mini-bar/convenience area" means a supplemental food preparation area within a single-family home subject to the standards in Section 17.16.030(B)(8) (Mini-Bar/Convenience Areas).
8. "Medical offices and clinics" means a facility where medical, mental, dental, or other personal health services are provided on an outpatient basis using specialized equipment. Includes offices for physicians, dentists, and optometrists, diagnostic centers, blood banks and plasma centers, and emergency medical clinics offered exclusively on an out-patient basis. Hospitals are excluded from this definition.
9. "Mixed use" means two or more different land uses located in one structure or on one parcel or development site.
10. "Mobile food vendors" means businesses selling food or drinks from temporary and semi-permanent structures or mobile equipment such as food trucks or pushcarts.
11. Mobile Home Park. See Section 17.100.030 (Definitions).
12. "Modification" means any construction or physical change in the internal arrangement of rooms or the supporting members of a structure, or a change in the external appearance of any structure, not including painting.
13. "Multifamily dwelling" means a building that contains three or more dwelling units, with each unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation.

N. "N" Terms.

1. "Nonconforming parcel" means a parcel that was lawfully established but that no longer conforms with the parcel size or dimension standards of the zoning district in which it is located.
2. "Nonconforming structure" means a structure which does not meet the current development standards for the district in which the structure is located. Development standards include, but are not limited to, setbacks, height or lot coverage regulations of the zoning district, but do not include standards contained in the uniform codes, such as the building code.
3. "Nonconforming use" means a use that lawfully occupied a building or land at the time the use was established, but that no longer conforms with the use regulations of the zoning district in which it is located.

O. "O" Terms.

1. "Open space, private" means open areas for outdoor living and recreation that are adjacent and directly accessible to a single dwelling unit, reserved for the exclusive use of residents of the dwelling unit and their guests.
2. "Open space, common" means areas for outdoor living and recreation that are intended for the use of residents and guests of more than one dwelling unit.
3. "Outdoor kitchen" means an outdoor space used or intended or designed to be used for cooking or the preparation of food for a single dwelling unit subject to the standards in Section 17.16.030(B)(9). Outdoor pizza ovens are included in the definition of an outdoor kitchen.
4. "Overlay zone" means an additional zoning district as shown on the zoning map that prescribes special regulations to a parcel in combination with the base zoning district.

## P. "P" Terms.

1. "Parcel" means a lot, tract, or area of land whose boundaries have been established by a legal instrument such as a deed or map recorded with the county of Santa Cruz, and which is recognized as a separate legal entity for purposes of transfer of title, except public easements or rights-of-way. The meaning of "lot" is identical to "parcel."
2. Parcel Area, Gross. "Gross parcel area" means the total horizontal area included within the parcel lines of the parcel, including one-half the width of any alley or portion thereof abutting a parcel line.
3. Parcel Area, Net. "Net parcel area" means the gross parcel area excluding: (a) any recorded easements to allow others to use the surface of the property for necessary access to an adjacent property or other similar use such as a shared driveway or public access agreement (excludes utility easements), and (b) any area under the high water mark that extends into a waterway.
4. Parcel, Corner. "Corner parcel" means a parcel situated at the junction of two or more intersecting streets, with a parcel line bordering on each of the two or more streets.
5. "Parcel depth" means the average distance from the front parcel line to the rear parcel line, measured in the general direction of the side parcel lines.
6. "Parcel line" means the lines bounding a parcel.
7. Parcel Line, Front. "Front parcel line" means that dimension of a parcel or portion of a parcel, abutting on a street except the side of a corner parcel. On a corner parcel the narrowest street frontage is considered the front parcel line. The community development director has the authority to determine and designate the front parcel line based on existing conditions and function of the lot.
8. Parcel Line, Rear. "Rear parcel line" means, ordinarily, the line of a parcel which is generally opposite the front parcel line of said parcel. The community development director has the authority to determine and designate the front parcel line based on existing conditions and function of the lot.
9. Parcel Line, Interior Side. "Interior side parcel line" means any boundary line not a front line or a rear line shared with another parcel.
10. Parcel Line, Exterior Side. "Exterior side parcel line" means any boundary line not a front line or a rear line adjacent to a street.
11. Parcel, Reversed Corner. "Reversed corner parcel" means a corner parcel, the side street line of which is substantially a continuation of the front line of the parcel upon which it rears.
12. "Parcel width" means the average distance between the side parcel lines, measured at right angles to the parcel depth.
13. "Parking lot" means an open area of land, a yard or other open space on a parcel other than a street or alley, used for or designed for temporary parking for more than four automobiles and available for public use, whether free, for compensation, or as an accommodation for clients or customers.
14. "Parking space" means land or space privately owned, covered or uncovered, laid out for, surfaced, and used or designed to be used for temporary parking or storage of standard motor vehicles.
15. "Parks and recreational facilities" means noncommercial public facilities that provide open space and/or recreational opportunities. Includes parks, community gardens, community centers, passive and active open space, wildlife preserves, playing fields, tennis courts, swimming pools, gymnasiums, and other similar facilities.
16. "Pergola" means an unenclosed structure with vertical posts or pillars that supports crossbeams and/or an open lattice. A pergola may be freestanding or attached to a building.

17. “Personal services” means an establishment that provides services to individuals and that may provide accessory retail sales of products related to the services provided. Includes barber shops and beauty salons, nail salons, dry cleaning establishments, self-service laundromats, tailors, tanning salons, state-licensed massage therapists, fitness studios, yoga studios, dance studios, pet grooming services, veterinary clinics, and other similar land uses. Also includes establishments that primarily offer specialized classes in personal growth and development such as music, martial arts, vocal, fitness and dancing instruction. This does not include professional offices that offer classes in addition to the professional office spaces.

18. “Planning permit” means any permit or approval required by the zoning code authorizing an applicant to undertake certain land use activities.

19. Potential Historic Resource. See Section 17.84.020(B) (Potential Historic Resource).

20. “Primary use” means the main purpose for which a site is developed and occupied, including the activities that are conducted on the site a majority of the hours during which activities occur.

21. “Primary structure” means a structure that accommodates the primary use of the site.

22. “Professional office” means a place of employment occupied by businesses providing professional, executive, management, or administrative services. Includes offices for accountants, architects, advertising agencies, insurance agents, attorneys, commercial art and design services, nonretail financial institutions, real estate agents, news services, photographers, engineers, employment agencies, and other similar professions. Also includes research and development facilities that engage in research, testing, and development of commercial products or services in technology-intensive fields.

23. “Public safety facility” means a facility operated by a governmental agency for the purpose of protecting public safety. Includes fire stations and other fire-fighting facilities, police stations, public ambulance dispatch facilities, and other similar land uses.

Q. “Q” Terms. None.

R. “R” Terms.

1. “Recreational vehicle (RV)” means a motor home, travel trailer, truck camper, or camping trailer, with or without motive power, originally designed for human habitation for recreational, emergency, or other occupancy, which meets all of the following criteria:

- a. Contains less than three hundred twenty square feet of internal living room area, excluding built-in equipment, including wardrobe, closets, cabinets, kitchen units or fixtures, and bath or toilet rooms;
- b. Contains four hundred square feet or less of gross area measured at maximum horizontal projections;
- c. Is built on a single chassis; and
- d. Is either self-propelled, truck-mounted, or permanently towable on the highways without a towing permit.

2. “Recycling collection facility” means a center for the acceptance by donation, redemption, or purchase, of recyclable materials from the public.

3. “Remodel” means a change or alteration in a building that does not increase the building’s net square footage.

4. “Residential care facility” means a residential facility providing social and personal care for residents. Includes children’s homes, homes for the elderly, orphanages, self-help group homes, supportive housing, and transitional housing for the homeless. Excludes facilities where medical care is a core service provided to residents, such as nursing and convalescent homes.

- a. “Residential care facility, large” means a residential care facility for seven or more persons.
  - b. “Residential care facility, small” means a residential care facility for six or fewer persons.
5. “Residential mixed use” means one or more structures on a single parcel that contains both dwelling units and nonresidential uses such as retail, restaurants, offices, or other commercial uses. Different land uses may be within a single structure (vertical mixed use) or in separate structures on a single parcel (horizontal mixed use).
  6. “Residential use” means any legal use of a property as a place of residence, including but not limited to dwelling units, group housing, and the residential component of a mixed-use residential building.
  7. “Retail” means stores and shops selling merchandise to the general public. Includes drug stores, general merchandise stores, convenience shops, pet stores, department stores, grocery stores and other similar retail establishments.
  8. “Retail cannabis establishment” means a retail store in which cannabis or cannabis products are sold for adult use and/or medicinal use.
  9. “Review authority” means the city official or city body that is responsible, under the provisions of the zoning code, for approving or denying a permit application or other request for official city approval.
  10. “Roof deck” means an occupied roof space created by a walkable exterior floor system located above the top story of a structure, not including access, and supported by the roof of a building.

S. “S” Terms.

1. “Salvage and wrecking” means storage and dismantling of vehicles and equipment for sale of parts, as well as their collection, storage, exchange or sale of goods including, but not limited to, any used building materials, used containers or steel drums, used tires, and similar or related articles or property.
2. “Schools, public or private” means public or private facilities for education, including elementary, junior high, and high schools, providing instruction and study required in public schools by the California Education Code.
3. “Setback” means the minimum allowable distance from a given point or line of reference such as a property line to the nearest vertical wall or other element of a building or structure as defined in this chapter, or from a natural feature such as a bluff edge or an environmentally sensitive habitat area. Setbacks for buildings or structures shall be measured at right angles from the nearest property line establishing a setback area line parallel to that parcel line. Where a property line is located within a street, the setback shall be measured from the edge of the right-of-way containing the street.
4. Sign. See Chapter 17.80 (Signs).
5. “Single-family dwelling” means a residential structure designed for occupancy by one household. A single-family dwelling provides complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation. “Single-family dwelling” includes employee housing for six or fewer persons as defined in Health and Safety Code Section 17008.
6. “Single-room occupancy” means housing consisting of a single-room dwelling unit that is the primary residence of its occupants. A single-room occupancy must include either food preparation or sanitary facilities (or both) and must be four hundred square feet or less.
7. “Site” means a parcel or adjoining parcels that are under single ownership or single control, and that are considered a unit for the purposes of development or other use.
8. “Site area” means the total area included within the boundaries of a site.

9. “Self-storage” means a structure or group of structures with controlled access that contains individual and compartmentalized stalls or lockers for storage of customers’ goods.

10. “Split zoning” means a parcel on which two or more zoning districts apply due to zoning district boundaries crossing or otherwise not following the parcel boundaries.

11. “Story” means that portion of a building included between the upper surface of any floor and the upper surface of the floor next above, except that the topmost story shall be that portion of a building included between the upper surface of the topmost floor and the ceiling or roof above. If the finished floor level directly above a basement, cellar or unused under-floor space is more than six feet above grade as defined in this chapter for more than fifty percent of the total perimeter or is more than twelve feet above grade as defined in this chapter at any point, such basement, cellar or unused under-floor space shall be considered as a story.

12. Story, Half. “Half story” means a partial story under a gable, hip or gambrel roof, the wall plates of which are at least two opposite exterior walls and which are not more than four feet above the floor plate of the second floor, and may include shed or dormer projections from those walls. Dormers may constitute not more than one-third of the length of the wall upon which they are located, whether as a single unit or multiple dormers.

13. “Street” means a public way more than twenty feet in width which affords a primary or principal means of access to abutting property. “Streets” includes private roads and highways.

14. “Structural alterations” means any change in the supporting members of a building, such as bearing walls, columns, beams, girders, floor, ceiling or roof joists and roof rafters, or change in roof exterior lines which would prolong the life of the supporting members of a building.

15. “Structure” means anything constructed or erected that requires attachment to the ground, or attachment to something located on the ground. Pipelines, poles, wires, and similar installations erected or installed by public utility districts or companies are not included in the definition of “structure.” In the coastal zone, “structure” includes, but is not limited to, any building, road, pipe, flume, conduit, siphon, aqueduct, telephone line, and electrical power transmission and distribution line.

16. “Structured parking” means a permanent, non-temporary parking facility in which parking spaces are provided within or on a building or structure, including multilevel parking garages, podium parking, and parking located above or below grade. Includes stand-alone parking garages and areas for parking integrated into a building containing other uses. Structured parking does not include open, surface parking lots or on-street parking

176. “Supportive housing” means housing with no limit on length of stay, that is occupied by low income adults with disabilities, and that is linked to on-site services that assist the supportive housing resident in retaining the housing, improving his or her health status, and maximizing his or her ability to live and, when possible, work in the community.

#### T. “T” Terms.

1. “Tandem parking” means an arrangement of parking spaces such that one or more spaces must be driven across in order to access another space or spaces.

2. “Tasting room” means a room or rooms, open to the general public, primarily used for the retail marketing of winery, brewery, distillery, and/or food products.

3. “Temporary structure” means a structure that is erected for a limited period of time, typically no longer than one hundred eighty days, and that does not permanently alter the character or physical facilities of a property.

4. “Temporary use” means a short-term activity that may or may not meet the normal development or use standards of the applicable zone, but that occurs for a limited period of time, typically less than twelve months, and does not permanently alter the character or physical facilities of a property.

5. “Transitional housing” means temporary housing, generally provided for a period of six months to several years, with supportive services that prepare individuals or families to transition from emergency or homeless shelters to permanent housing. Such housing may be configured for specialized needs groups such as people with substance abuse problems, mental illness, domestic violence victims, veterans, or people with specified illnesses. Such housing may be provided in apartment complexes, boarding house complexes, or in single-family homes.

6. “Trellis” means a structure made from an open framework or lattice of interwoven or intersecting pieces of wood, bamboo or metal made to support and display climbing plants. A trellis may be freestanding or attached to a building wall or other structure.

#### U. “U” Terms.

1. “Upper floor” means any story of a building above the ground floor.

2. “Urban agriculture” means activities involving the raising, cultivation, processing, marketing, and distribution of food in urban areas.

a. “Home garden” means the property of a single-family or multifamily residence used for the cultivation of fruits, vegetables, plants, flowers, or herbs by the residents of the property, guests of the property owner, or a gardening business hired by the property owner.

b. “Community garden” means privately or publicly owned land used for the noncommercial cultivation of fruits, vegetables, plants, flowers, or herbs by multiple users. Community gardens may be divided into separate plots for cultivation by one or more individuals or may be farmed collectively by members of the group and may include common areas maintained or used by group members.

3. Use. See “Land use.”

4. “Utilities, major” means generating plants, electric substations, solid waste collection, including transfer stations and materials recovery facilities, solid waste treatment and disposal, water or wastewater treatment plants, and similar facilities of public agencies or public utilities.

5. “Utilities, minor” means infrastructure facilities that are necessary to serve development within the immediate vicinity such as electrical distribution lines and underground water and sewer lines.

#### V. “V” Terms.

1. “Vacation rental” means the occupancy for hire of residential property or a portion thereof for a period of less than thirty consecutive calendar days. See Section 17.40.030 (Vacation rental use (-VRU) overlay zone). “For hire,” for purposes of this section, does not include:

a. The owner or long-term lessee of the property, without consideration, allowing family or friends to use the property;

b. An arrangement whereby the owner or long-term lessee of the property agrees to a short-term trade with another property owner or long-term lessee whereby the sole consideration is each concurrently using the other’s property.

2. “Valet parking service” means a parking service provided to accommodate patrons of one or more businesses that is accessory and incidental to the business and by which an attendant on behalf of the business takes temporary custody of a patron’s motor vehicle and moves, parks, stores or retrieves the vehicle for the patron’s convenience.

3. “Vehicle repair” means an establishment for the repair, alteration, restoration, or finishing of any vehicle, including body repair, collision repair, painting, tire and battery sales and installation, motor rebuilding, tire recapping and retreading, and towing. Repair shops that are incidental to a vehicle sales or rental establishment on the same site are excluded from this definition.

4. "Vehicle sales and rental" means an establishment for the retail sales or rental of new or used vehicles. Includes the sale of vehicle parts and vehicle repair; provided, that these activities are incidental to the sale of vehicles.

5. "Vehicle sales display room" means an establishment for the retail sales of new vehicles conducted entirely within an enclosed building. Outdoor storage and display of vehicles are not permitted.

W. "W" Terms.

1. "Wall" means a permanent upright linear structure made of stone, concrete, masonry, or other similar material.

2. "Warehousing and distribution" means an establishment used primarily for the storage and/or distributing of goods to retailers, contractors, commercial purchasers or other wholesalers, or to the branch or local offices of a company or organization. Includes vehicle storage, moving services, general delivery services, refrigerated locker storage facilities, and other similar land uses.

3. "Wholesaling" means indoor storage and sale of goods to other firms for resale. Wholesalers are primarily engaged in business-to-business sales, but may sell to individual consumers through mail or internet orders. Wholesalers normally operate from a warehouse or office having little or no display of merchandise, and are not designed to solicit walk-in traffic.

4. "Wireless communications facility" means a facility that transmits or receives electromagnetic signals for the purpose of transmitting voice or data communications. See Chapter 17.104 (Wireless Communications Facilities).

X. "X" Terms. None.

Y. "Y" Terms.

1. "Yard" means an open space, other than a court, on the same parcel with a building, unoccupied and unobstructed from the ground upward, except for such encroachments allowed by the zoning code.

2. Yard, Front. "Front yard" means a yard extending across the full width of the parcel, the depth of which is the minimum horizontal distance between the front line of the parcel and the nearest line of the main building or enclosed or covered porch. On a corner parcel the front line of the parcel is ordinarily construed as the least dimension of the parcel fronting on a street.

3. Yard, Rear. "Rear yard" means a yard extending across the full width of the parcel, and measured between the rear line of the main building or enclosed or covered porch nearest the rear line of the parcel; the depth of the required rear yard shall be measured horizontally.

4. Yard, Side. "Side yard" means a yard on each side of the main building extending from the front yard to the rear yard, the width of each yard being measured between the side line of the parcel and the nearest part of the main building or enclosed or covered porch.

# City of Capitola

## Capitola Mall - Retail & Hotel Market Overview



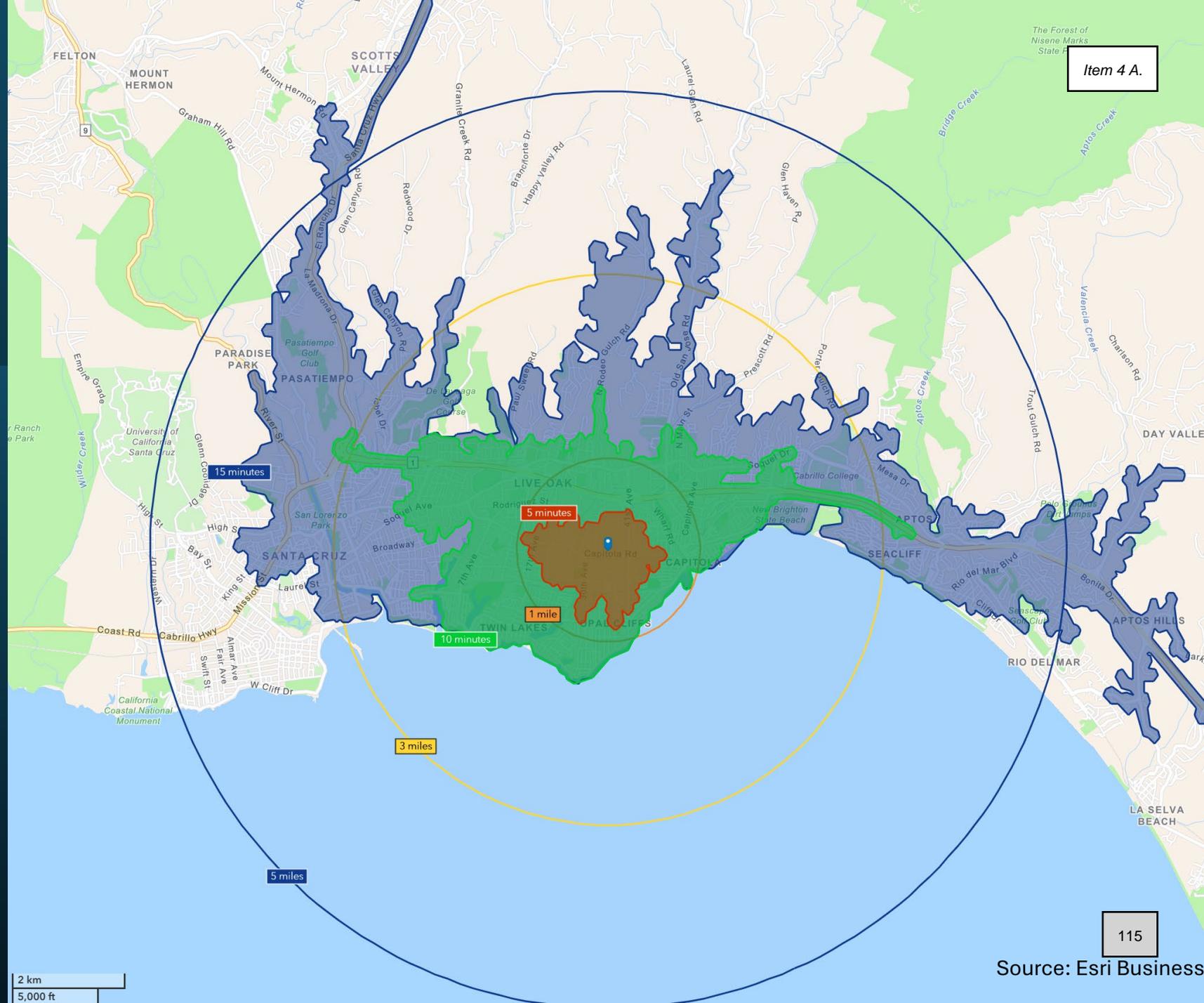
**KEYSER MARSTON**  
ASSOCIATES

Item 4 A.



January 2026

# Study Area – Site Radius and Drive-Time



Item 4 A.

2 km  
5,000 ft

# Population

## Population & Households 2025 - 2030

Item 4 A.

	2025	2030	% Change
<b>Capitola</b>			
Population	9,598	9,410	-1.96%
Households	4,574	4,548	-0.52%
<b>5-mile Radius</b>			
Population	120,724	120,273	-0.37%
Households	49,549	48,870	-0.77%
<b>Santa Cruz County</b>			
Population	262,934	260,654	-0.87%
Households	95,037	95,204	0.18%

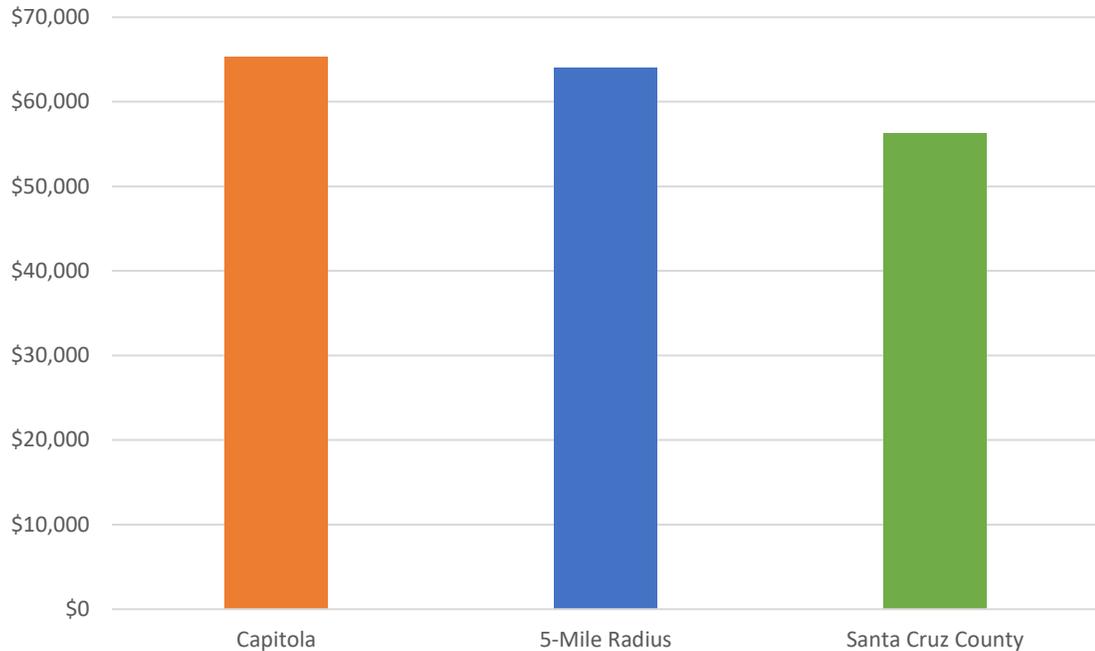
## Average Persons per Household

<b>Capitola</b>	2.11
<b>5-mile Radius</b>	2.37
<b>Santa Cruz County</b>	2.62

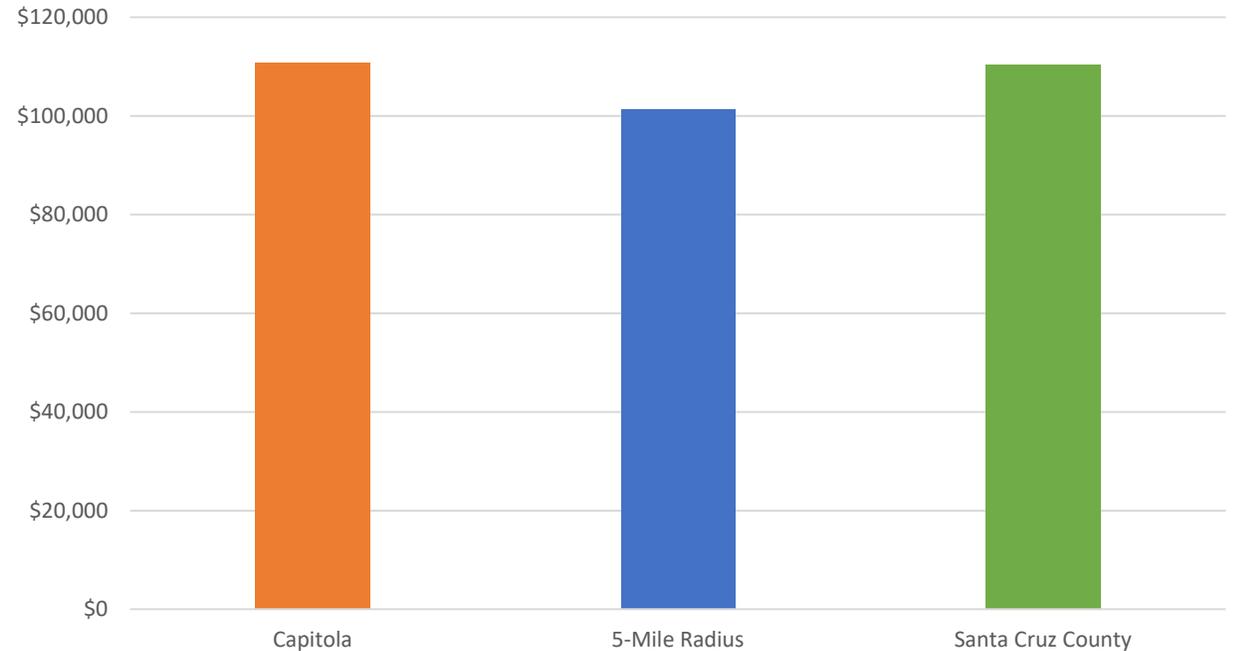


# Income

Per Capita Income



Median Household Income

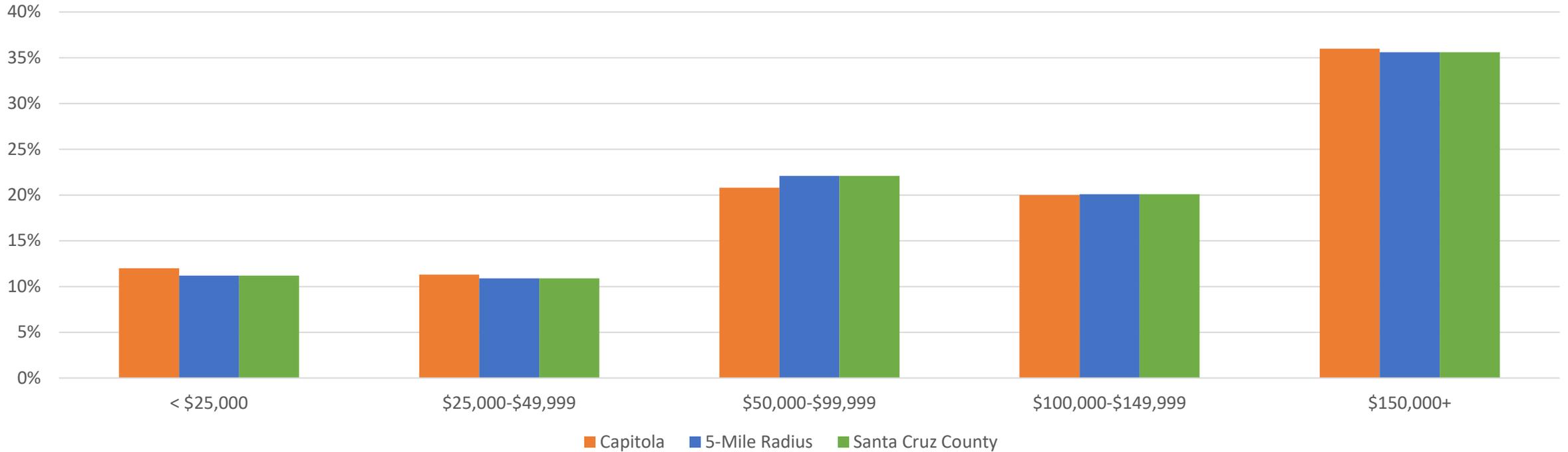


<i>Income (2025)</i>	<b>Per Capita</b>	<b>Median Household</b>
<b>Capitola</b>	\$65,271	\$110,864
<b>5-mile Radius</b>	\$64,064	\$101,409
<b>Santa Cruz County</b>	\$56,250	\$110,320



# Income Distribution

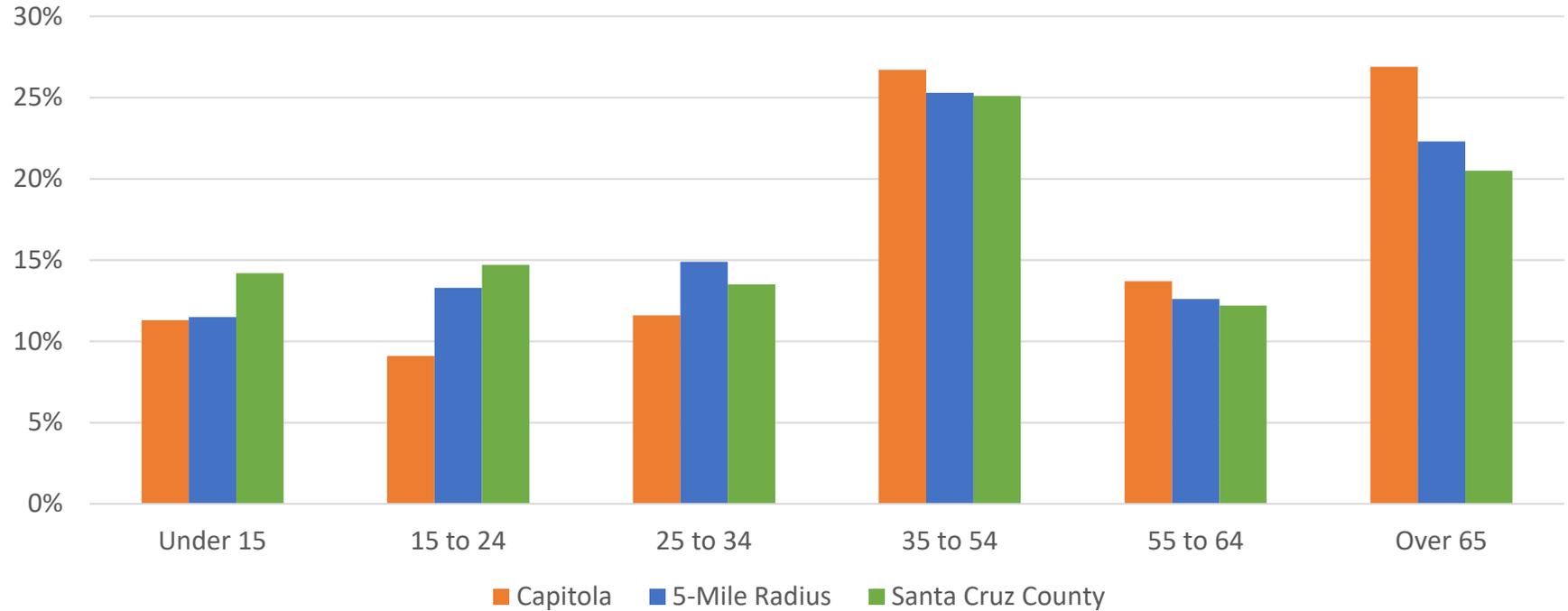
## Income Distribution



<i>Household Income Distribution</i>	< \$25k	\$25k-\$49k	\$50k-\$99k	\$100k-\$149k	\$150k+
<b>Capitola</b>	12%	11%	21%	20%	36%
<b>5-mile Radius</b>	10%	12%	27%	25%	26%
<b>Santa Cruz County</b>	11%	11%	22%	20%	36%

# Age Distribution

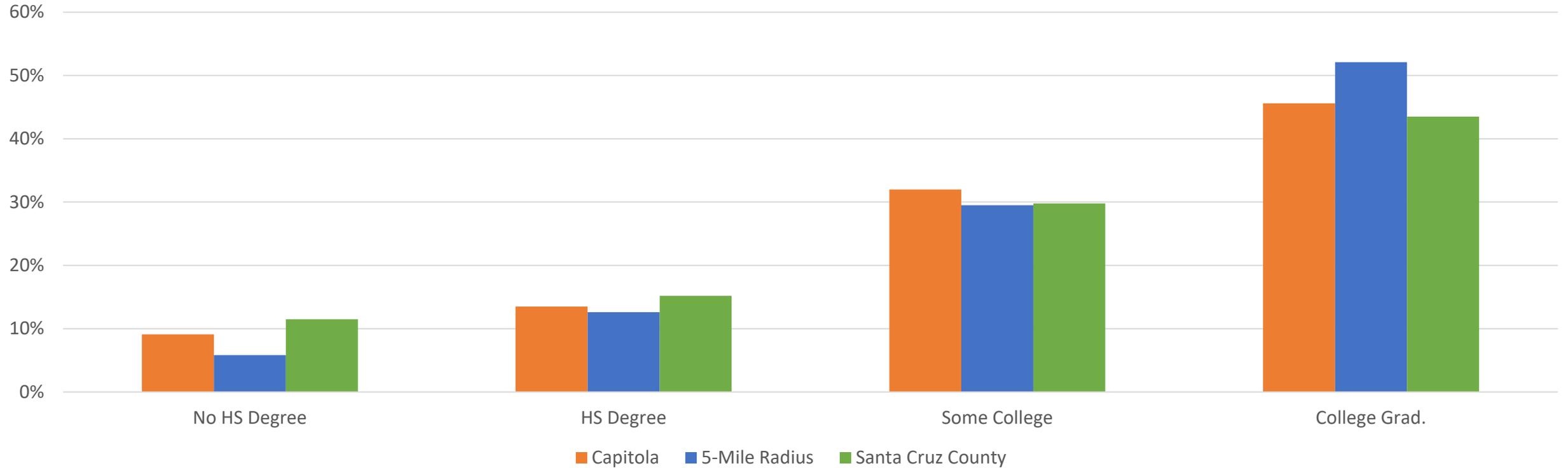
**47.6**  
City  
Median Age



Age Distribution	Under 15	15 to 24	25 to 34	35 to 54	55 to 64	Over 65
<b>Capitola</b>	11%	9%	12%	27%	14%	27%
<b>5-mile Radius</b>	12%	13%	15%	25%	13%	22%
<b>Santa Cruz County</b>	14%	15%	14%	25%	12%	21%



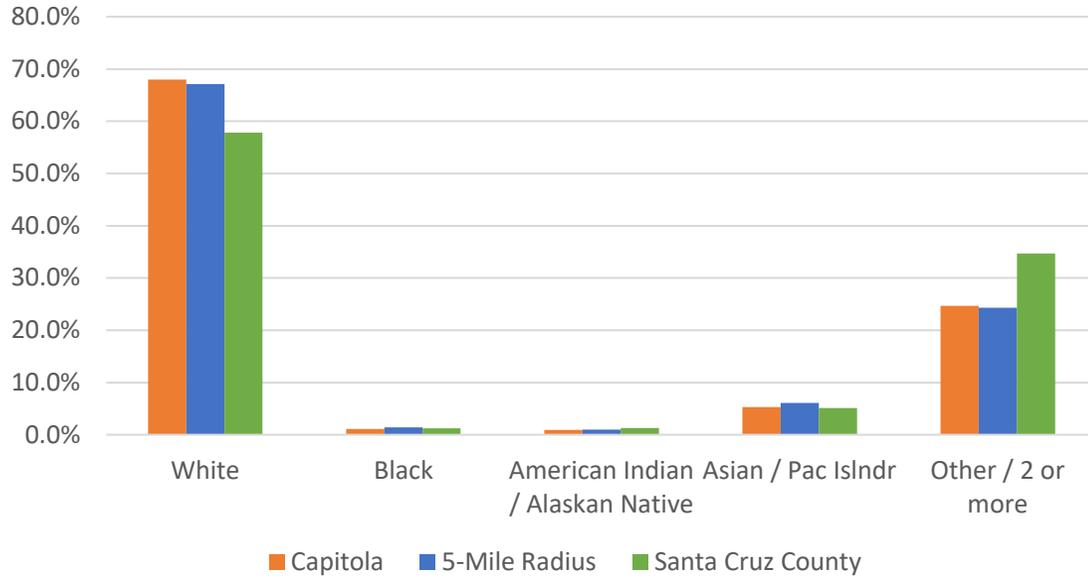
# Educational Attainment



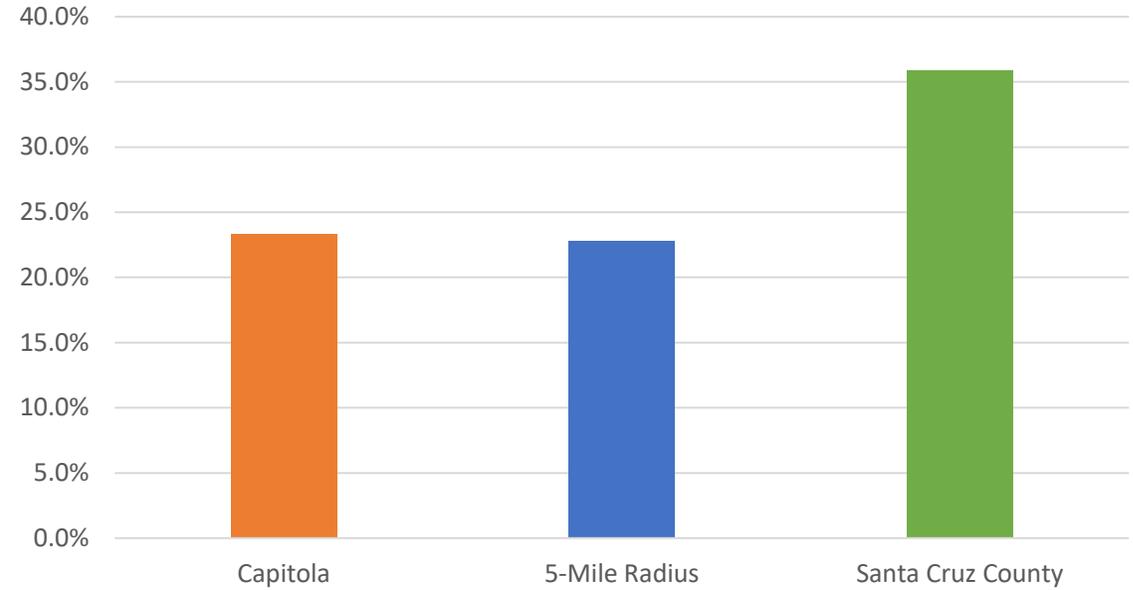
	No HS Degree	HS Degree	Some College	College Grad
Capitola	9%	14%	32%	46%
5-mile Radius	6%	13%	30%	52%
Santa Cruz County	12%	15%	30%	44%

# Race & Ethnicity

Race Classification



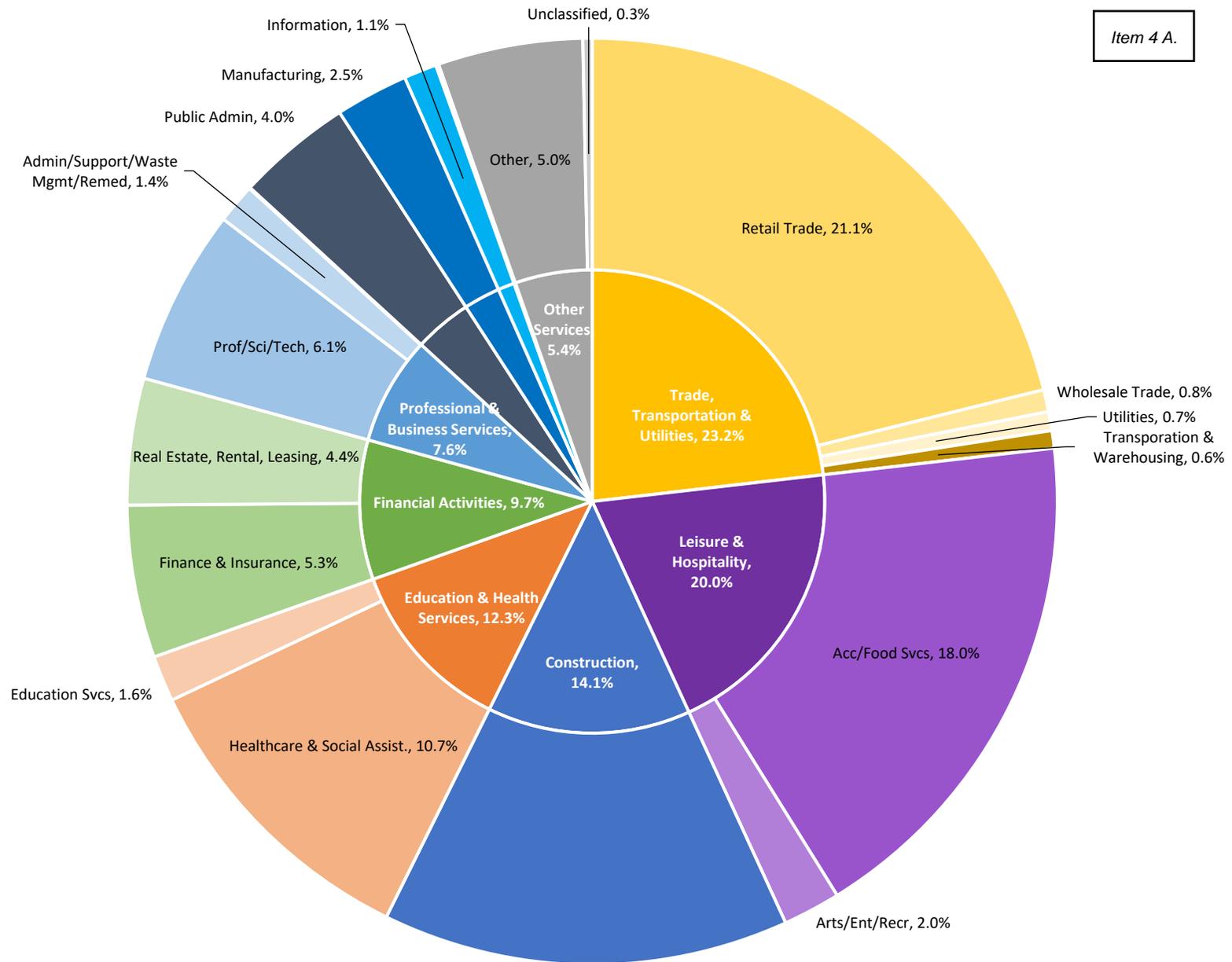
% Hispanic



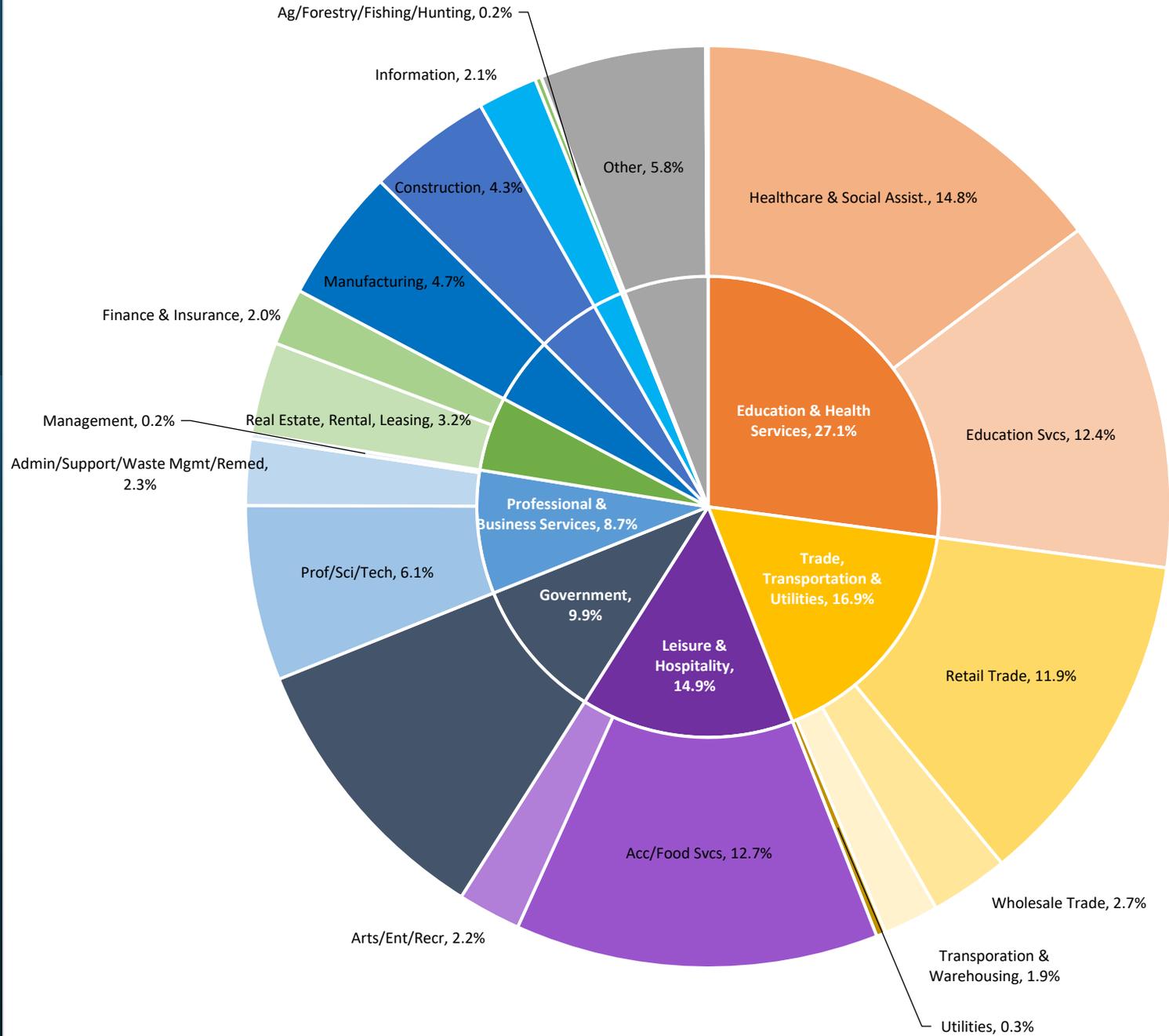
<b>Race &amp; Ethnicity</b>	<b>White</b>	<b>Black</b>	<b>AIAN</b>	<b>AAPI</b>	<b>Other / 2+</b>	<b>% Hispanic</b>
<b>Capitola</b>	68.0%	1.1%	0.9%	5.3%	24.7%	23.3%
<b>5-mile Radius</b>	67.1%	1.4%	1.0%	6.1%	24.3%	22.8%
<b>Santa Cruz County</b>	57.8%	1.2%	1.3%	5.1%	34.7%	35.9%



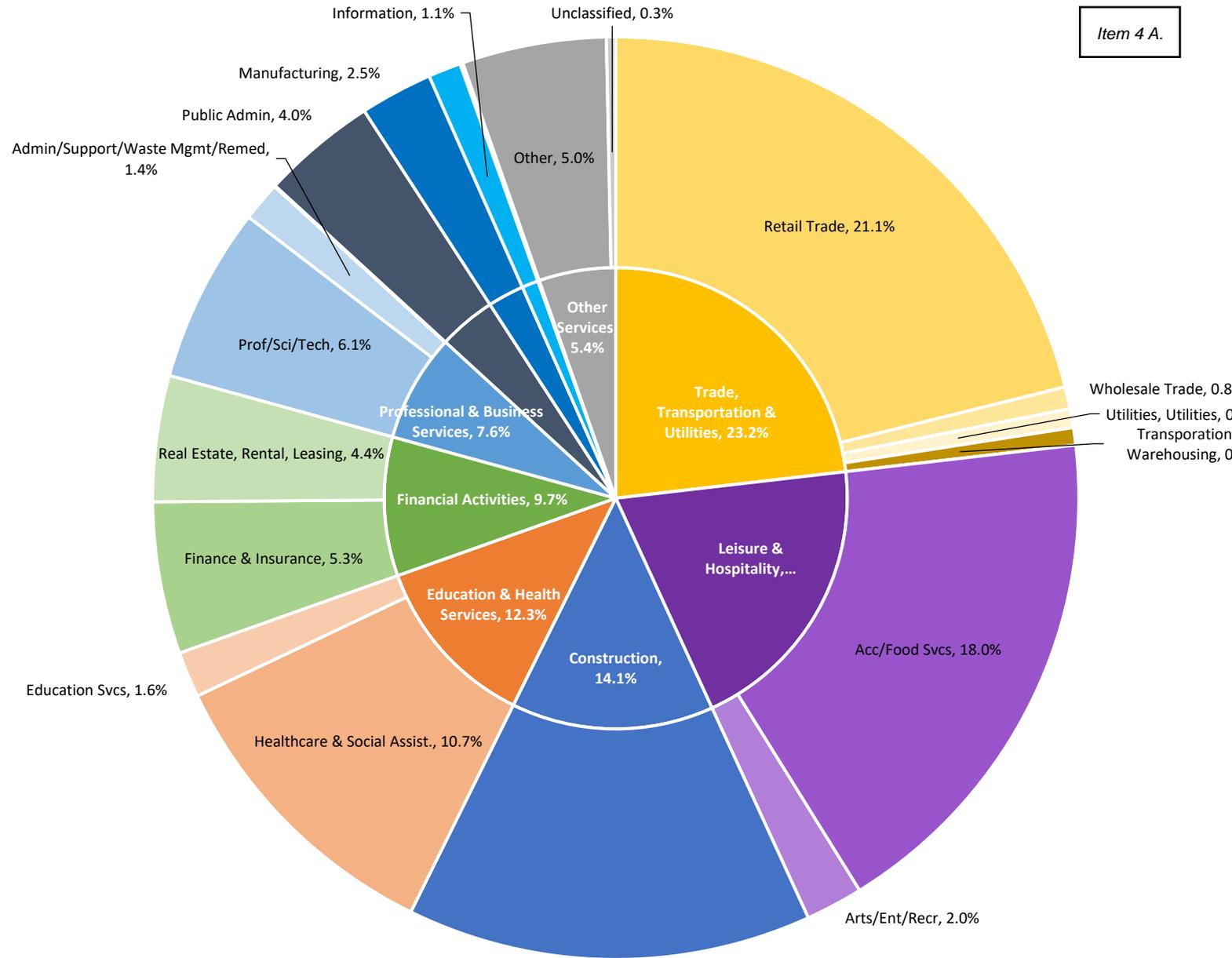
# Employment - City



# Employment - 5-Mile Market Area

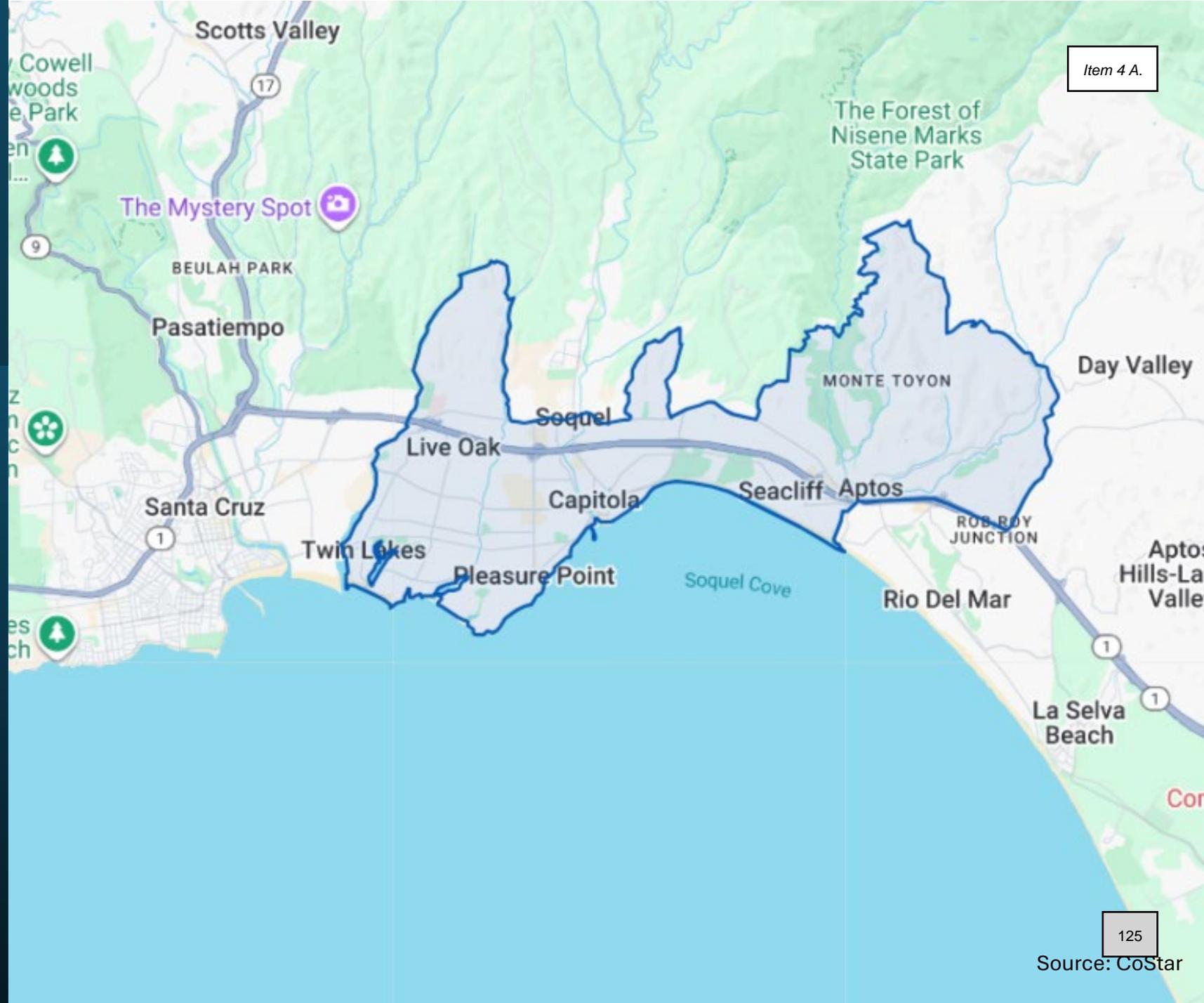


# Employment – County



Item 4 A.

# Study Area – CoStar Mid-County Retail Submarket



# Retail Market - Submarket

Item 4 A.

## Mid-County Submarket

<i>Product Type</i>	<b>Total Inventory (sf)</b>	<b>SF Vacant</b>	<b>Vacancy Rate</b>	<b>Net Absorption (sf)</b>	<b>SF Under Construction</b>	<b>Market Rent/mo</b>
<b>Malls</b>	679,068	143,962	21.2%	6,643	-	\$2.35
<b>Power Centers</b>	-	-	-	-	-	-
<b>Neighborhood Centers</b>	697,918	35,594	5.1%	9,757	-	\$2.52
<b>Strip Centers</b>	300,339	4,205	1.4%	(222)	-	\$2.56
<b>General Retail</b>	1,857,854	22,294	1.2%	(7,015)	-	\$2.74
<b>Other</b>	-	-	-	-	-	-
<b>Total</b>	<b>3,535,179</b>	<b>206,055</b>	<b>5.8%</b>	<b>9,163</b>	<b>-</b>	<b>\$2.61</b>



# Retail Market - County

Item 4 A.

## Santa Cruz County

<i>Product Type</i>	<b>Total Inventory (sf)</b>	<b>SF Vacant</b>	<b>Vacancy Rate</b>	<b>Net Absorption (sf)</b>	<b>SF Under Construction</b>	<b>Market Rent/mo</b>
<b>Malls</b>	679,068	143,962	21.2%	6,643	-	\$2.35
<b>Power Centers</b>	-	-	-	-	-	-
<b>Neighborhood Centers</b>	2,863,945	137,469	4.8%	45,604	4,770	\$2.31
<b>Strip Centers</b>	876,043	24,529	2.8%	(222)	-	\$2.32
<b>General Retail</b>	7,363,229	125,175	1.7%	1,021	-	\$2.22
<b>Other</b>	72,760	11,496	15.8%	-	-	\$2.38
<b>Total</b>	<b>11,855,045</b>	<b>442,632</b>	<b>3.7%</b>	<b>53,046</b>	<b>4,770</b>	<b>\$2.26</b>



# Retail Market Inventory

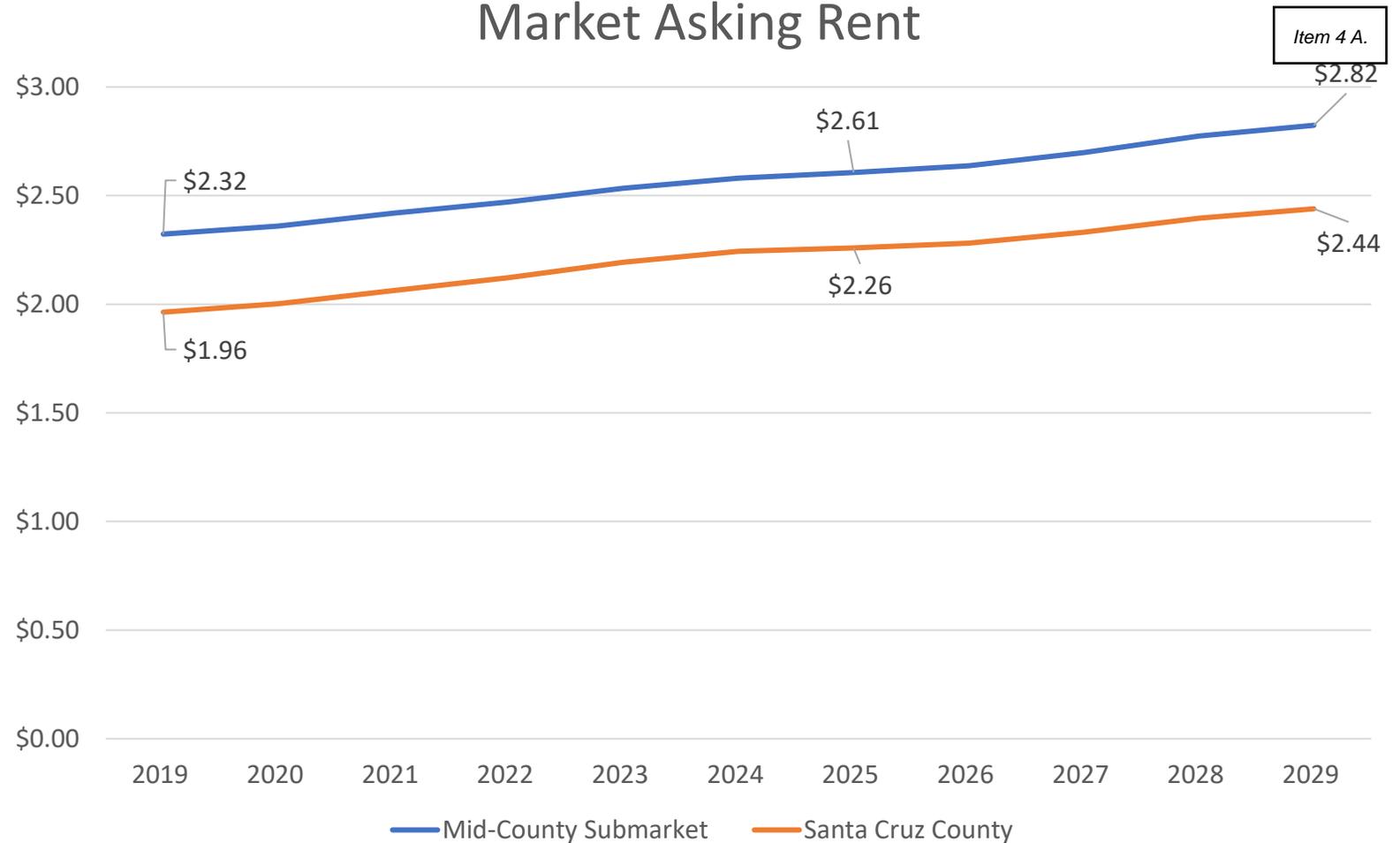
## Market Inventory (sf) 2025 YTD

	Capitola	Mid-County	Santa Cruz County
<b>Total Retail SF</b>	1,661,979	3,555,677	11,883,610
<b>Net SF Leased</b>	29,248	50,600	128,514
<b>Net SF Built</b>	-	14,060	29,532
<b>SF Under Construction</b>	-	-	-



# Rent Trends

## Market Asking Rent

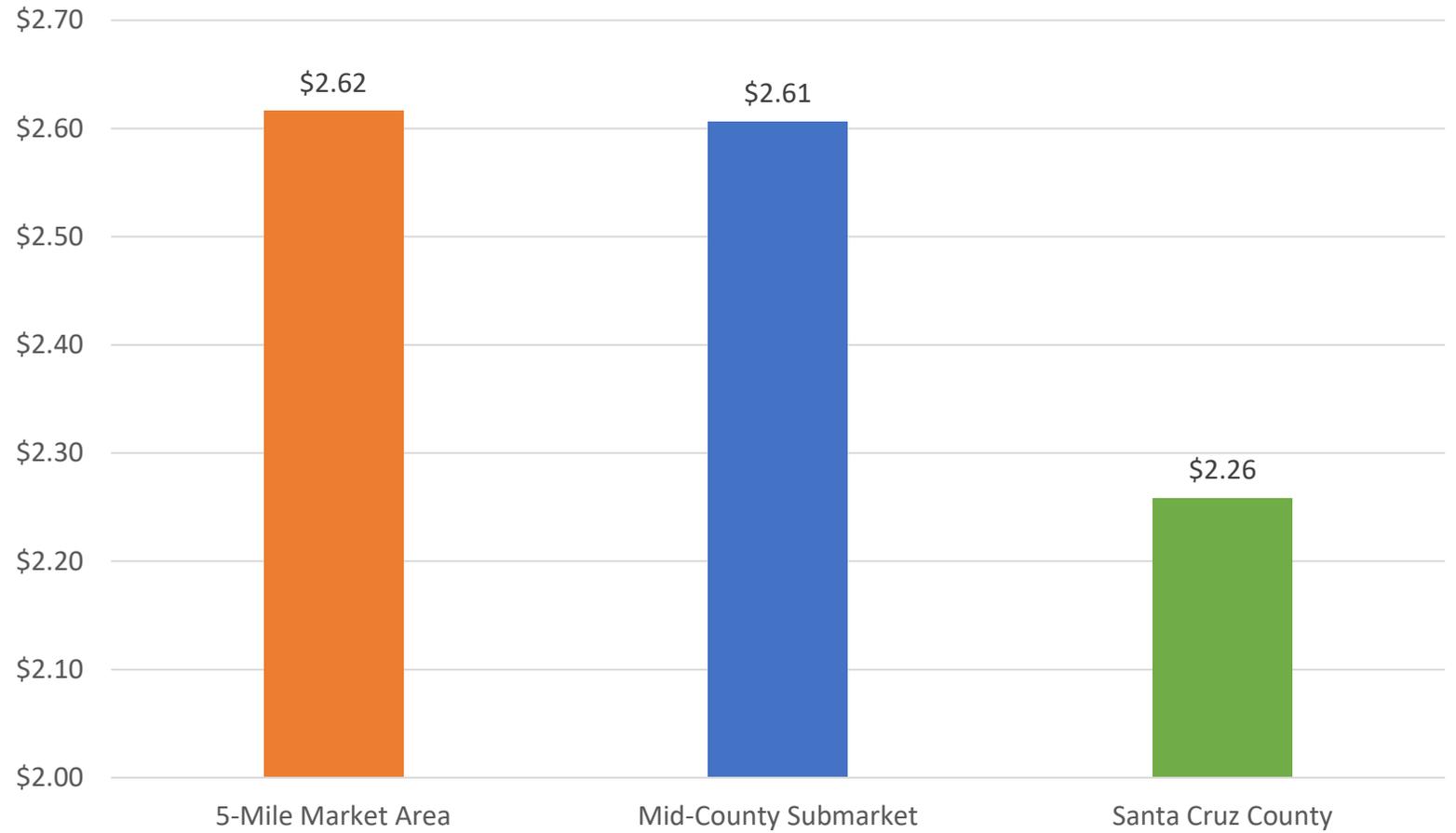


Item 4 A.

Market Asking Rent /sf per Month			
	2019	2025	2029
Mid-County Submarket	\$2.32	\$2.61	\$2.82
Santa Cruz County	\$1.96	\$2.26	\$2.44

# Retail Rent Survey

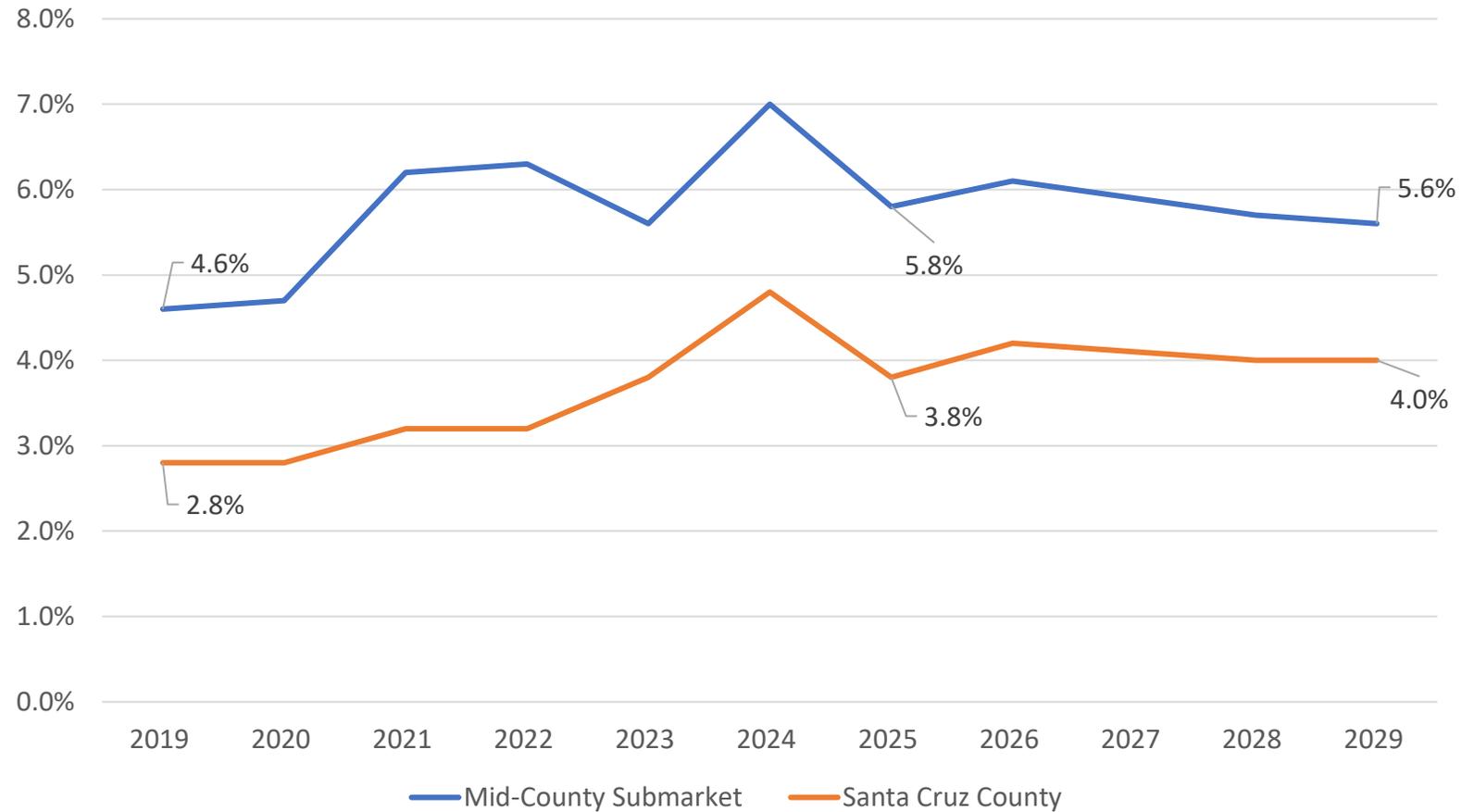
## Retail Lease Rates



# Retail Vacancy Trends

## Retail Vacancy Rate

Item 4 A.



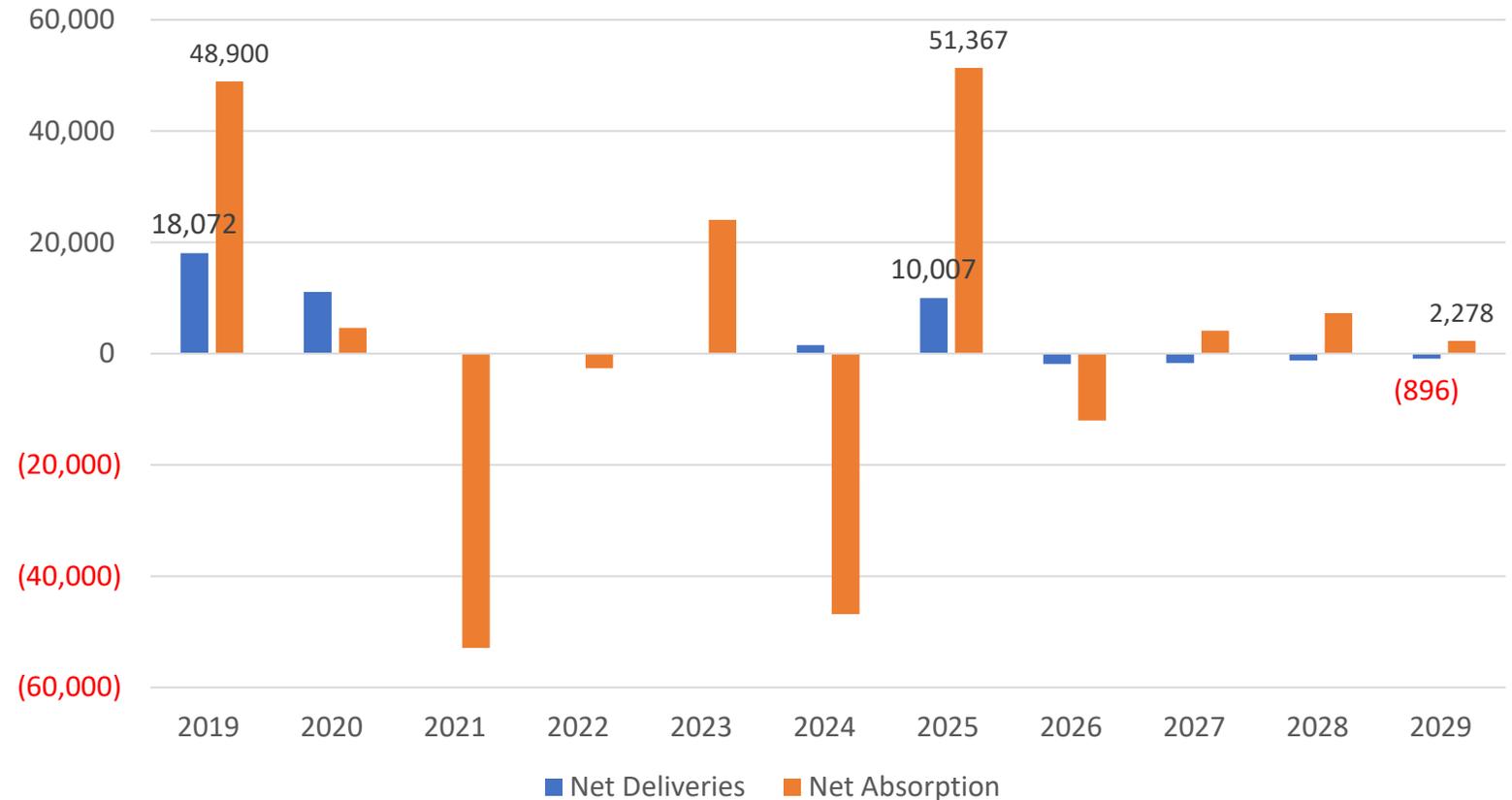
Retail Vacancy Rate			
	2019	2025	2029
Mid-County Submarket	4.6%	5.8%	5.6%
Santa Cruz County	2.8%	3.8%	4.0%

# Retail Delivery & Absorption:

# Mid-County Submarket

## Net SF Delivered & Absorbed

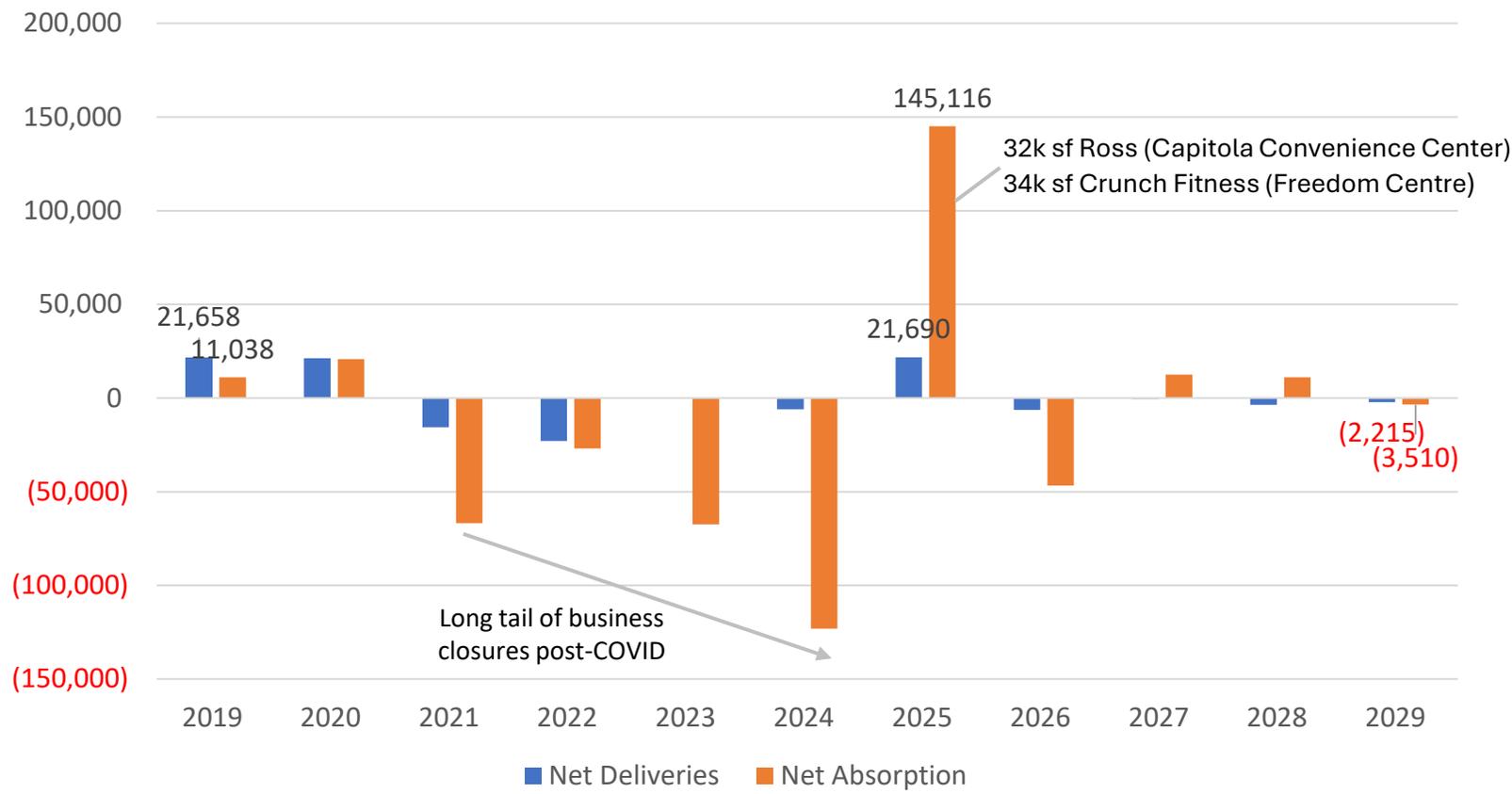
Item 4 A.



Net Retail Delivery & Absorption		
	Net Deliveries (SF Built)	Net Absorption (SF Leased)
<b>2019</b>	18,072	48,900
<b>2025</b>	10,007	51,367
<b>2029</b>	(896)	2,278

# Net SF Delivered & Absorbed

Item 4 A.



Retail Delivery & Absorption:

Santa Cruz County

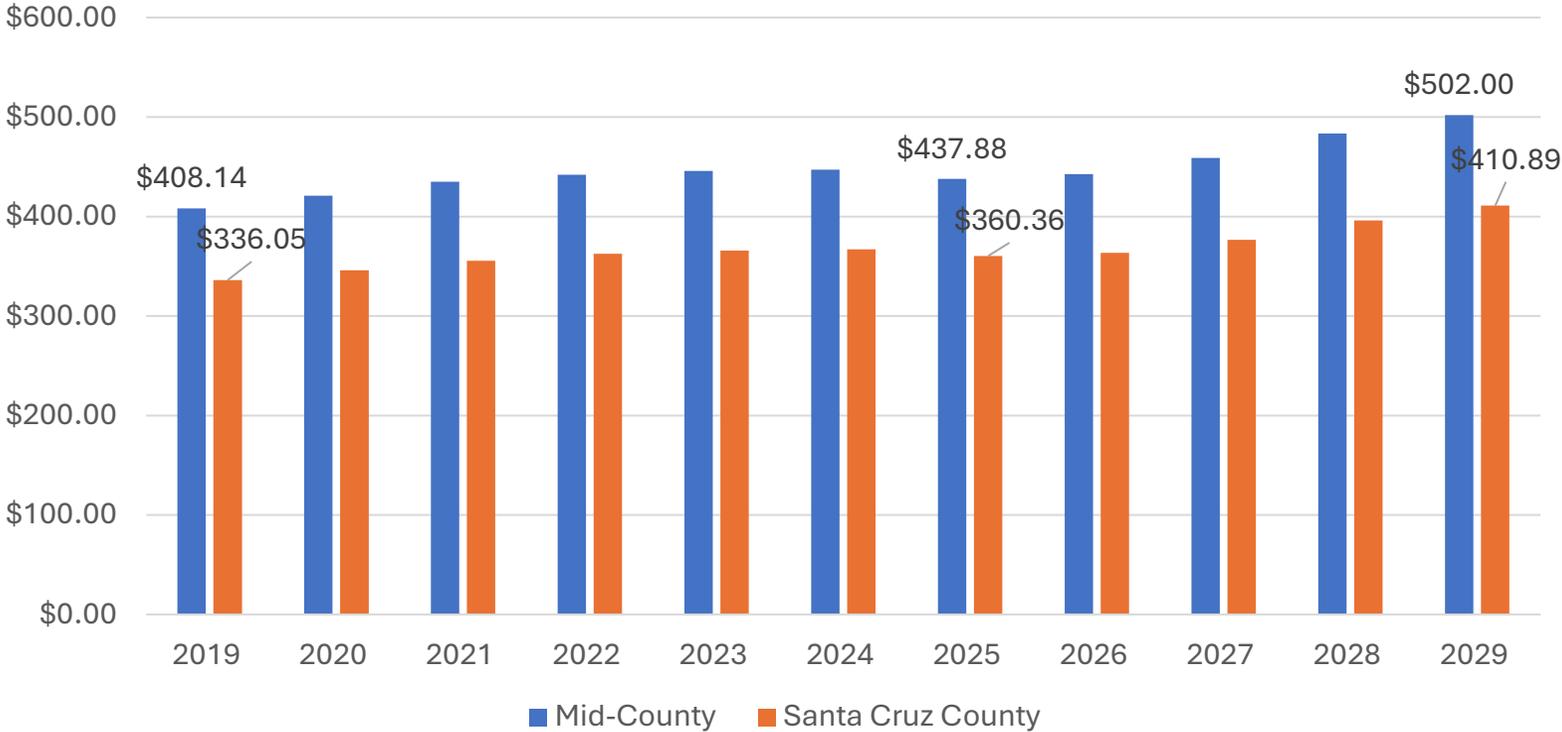
## Net Retail Delivery & Absorption

	Net Deliveries (SF Built)	Net Absorption (SF Leased)
2019	21,658	11,038
2025	21,690	145,116
2029	(2,215)	(3,510)



# Retail Property Sales Price /sf

Item 4 A.



# Retail Property Sales

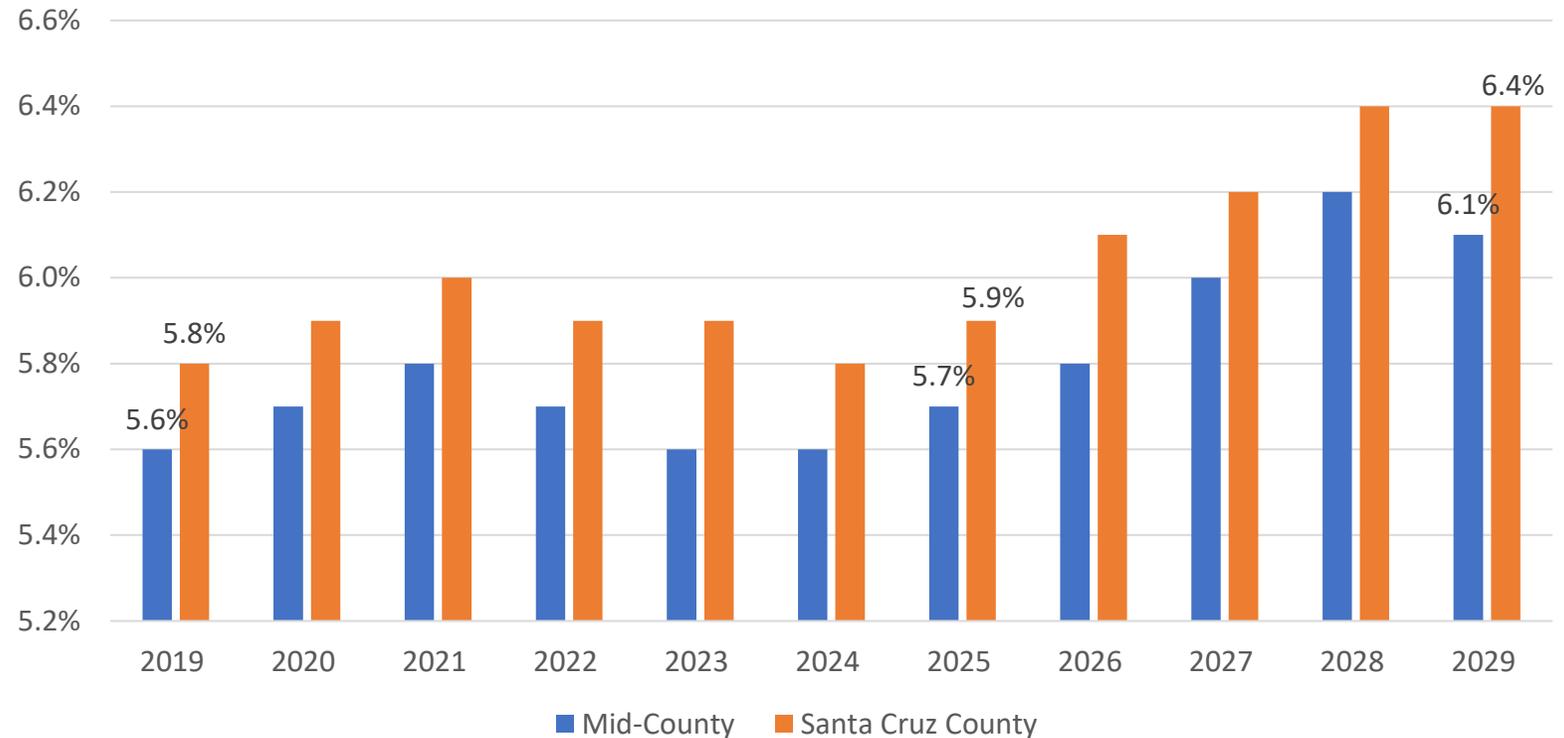
## Market Pricing Trends – Retail Property Sales Price (/sf)

	Mid-County Submarket	Santa Cruz County
<b>2019</b>	\$408.14	\$336.05
<b>2025</b>	\$437.88	\$360.36
<b>2029</b>	\$502.00	\$410.89

# Retail Property Sales

## Capitalization Rate

Item 4 A.



### Market Pricing Trends Capitalization Rate

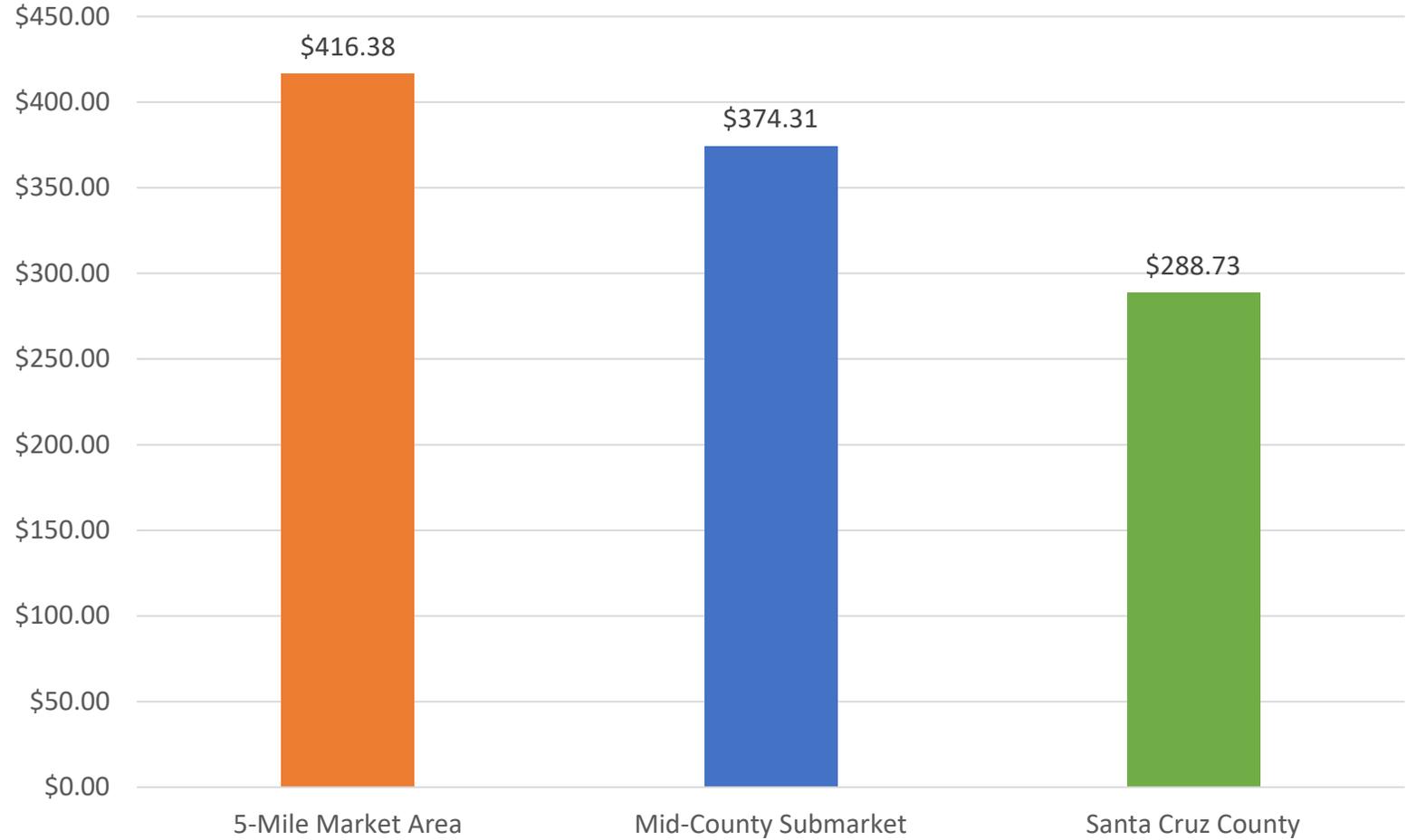
	Mid-County Submarket	Santa Cruz County
<b>2019</b>	5.6%	5.8%
<b>2025</b>	5.7%	5.9%
<b>2029</b>	6.1%	6.4%

Capitalization Rate is the anticipated annual return on investment on an investment property.



# Retail Property Sales Survey

## Average Retail Property Sales Price /sf



# Retail Surplus/ Leakage

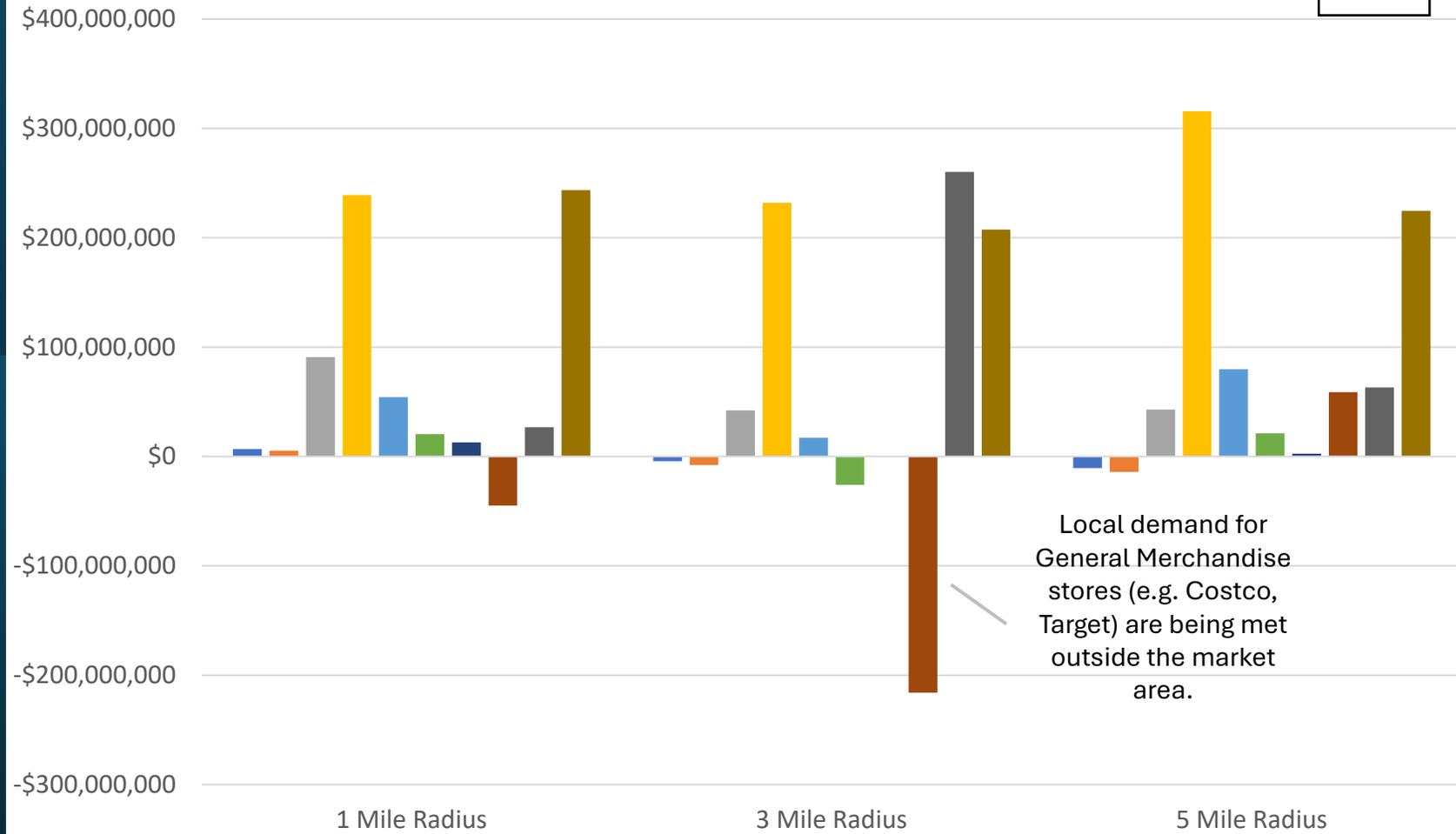
- **Retail Surplus:** Retail sales in an area greater than the anticipated spending by area residents. **Customers are traveling into the area to purchase this good/service.**
- **Retail Leakage:** Retail sales in an area below than the anticipated spending by area residents. **Customers demand is not being met by existing establishments. Demand exists in the area for businesses providing this good/service.**



# Retail Surplus/ Leakage

## Retail Sales Surplus (+) / Leakage (-)

Item 4 A.

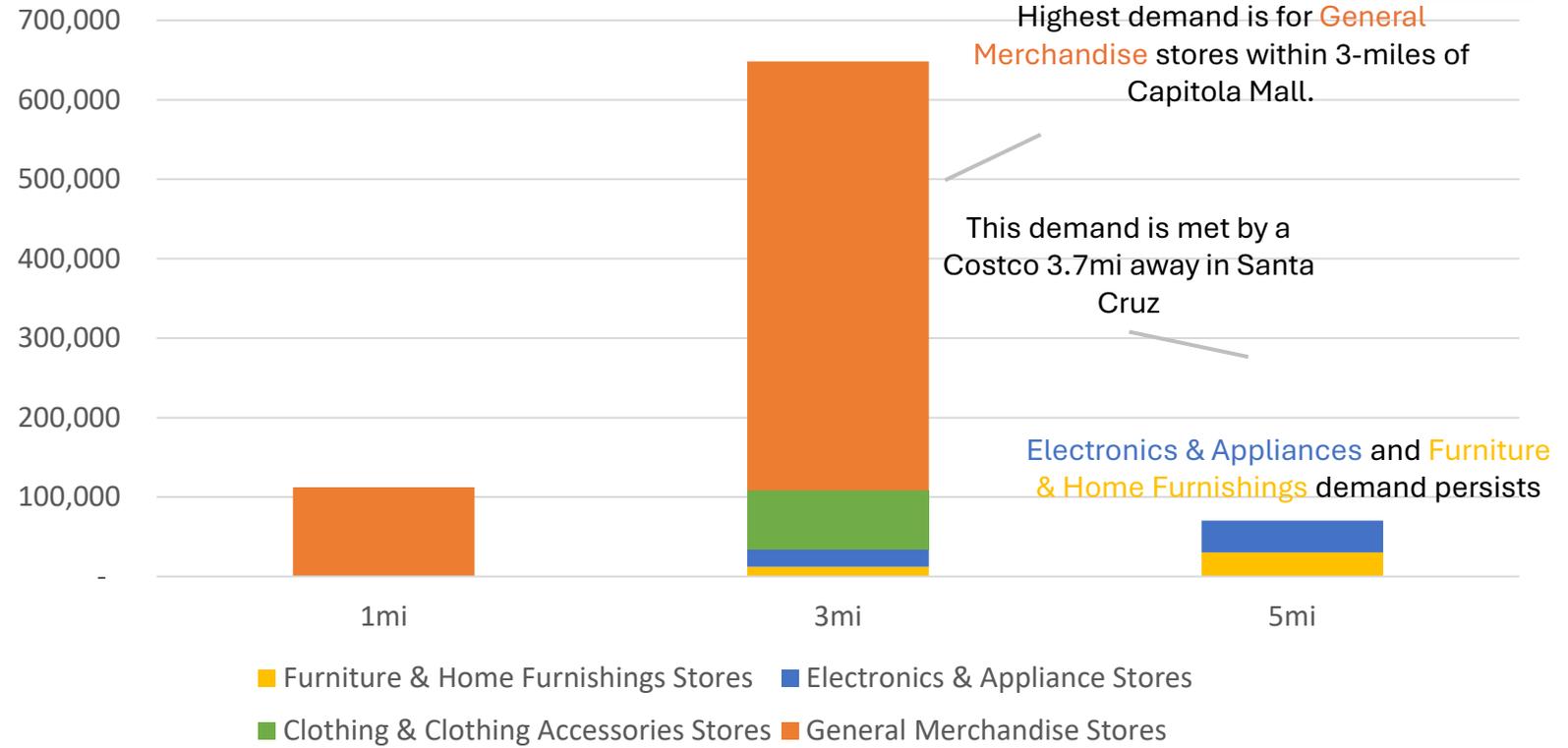


- Furniture & Home Furnishings Stores
- Electronics & Appliance Stores
- Bldg Materials, Garden Equip. & Supply Stores
- Food & Beverage Stores
- Health & Personal Care Stores
- Clothing & Clothing Accessories Stores
- Sporting Goods, Hobby, Book & Music Stores
- General Merchandise Stores
- Miscellaneous Store Retailers
- Food Services & Drinking Places

# Retail Leakage – Space Demand

## Retail Space Demand (sf)

Item 4 A.



### Retail Space Demand (sf)

	1mi Radius	3mi Radius	5mi Radius
<b>Furniture &amp; Home Furnishing</b>	-	12,264	30,229
<b>Electronics &amp; Appliances</b>	-	22,179	39,995
<b>Clothing &amp; Accessories</b>	-	73,862	-
<b>General Merchandise</b>	112,468	539,762	-



# Broker Perspectives – Market Overview

Item 4 A.

- KMA reached out to over 20 brokers active in the local market area to gain insights into current and future commercial opportunities at the Mall.
- Retail demand is modest Countywide– vacancies are low, but so are rents
- Santa Cruz County is perceived to be a seasonal market, with greater summer sales.
- The Mall is well-situated for redevelopment. 41<sup>st</sup> Ave is a regional retail destination that draws visitors from across the County.
- Local brokers are skeptical of retail demand at the site.
- Brokers recommended mixed-use development with high residential density and some food service tailored to the site plan



# Broker Perspectives – Retail Product

- Market demand greatest for small space
- Unfortunately, small space is financially more challenging to develop
- Limited interest from national and regional tenants for large space.



# Broker Perspectives – Tenant Types

- Food service is a highly desirable retail use for the site.
- Development types demonstrating potential include:
  - Small cafes with outdoor seating
  - Indoor/outdoor food hall with live entertainment programming,
  - Quick-serve restaurant.



# Broker Perspectives - Challenges

- Mall area and County as a whole have low daytime populations, which can prove challenging.
- Smaller local tenants may not have strong credit.
- Limited national/credit/larger scale retail demand.



# Broker Perspectives – Development Patterns

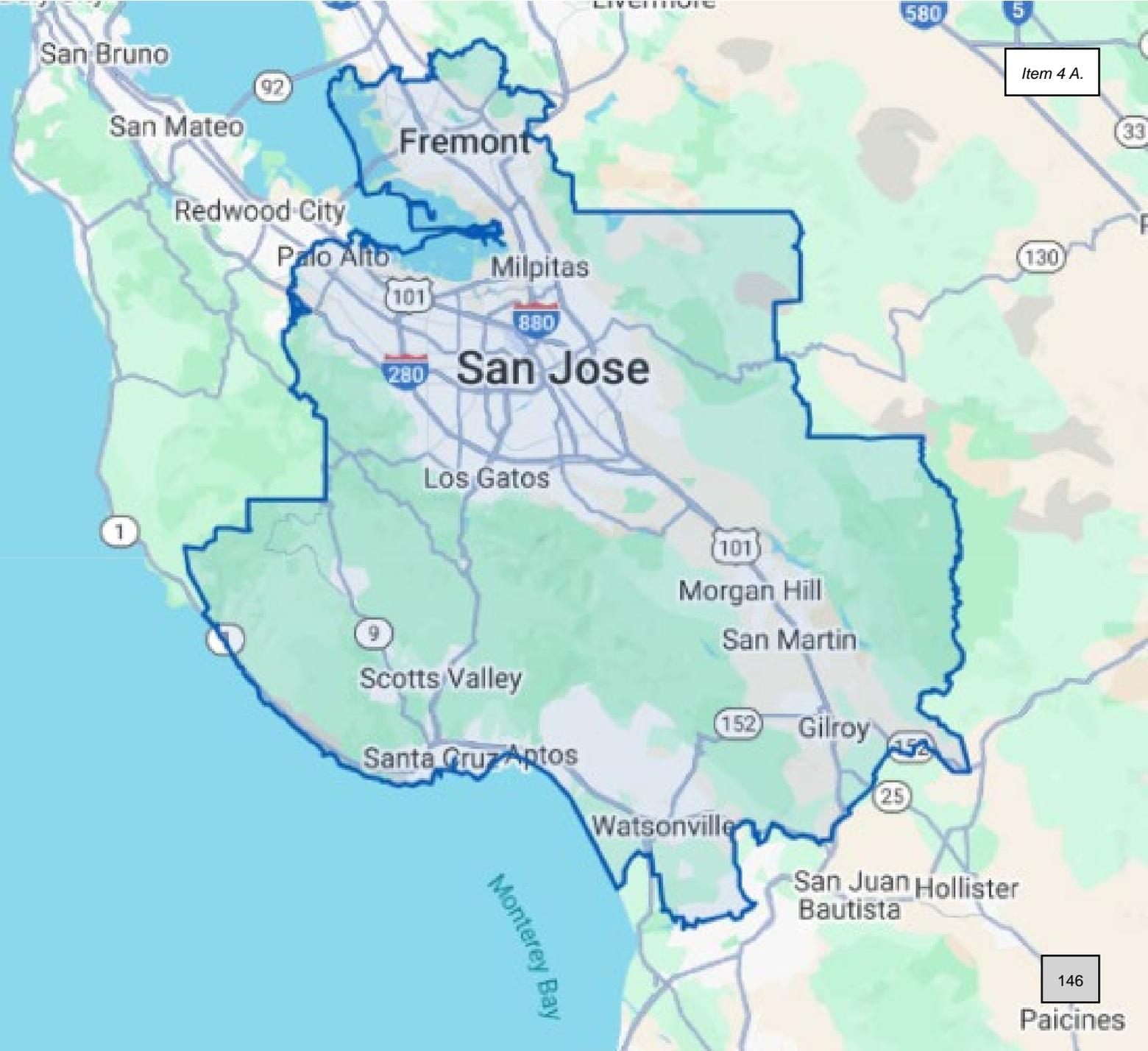
- Hotel – Existing demand. Development would support retail. Likely mid/select service property type.
- Residential – The large number of proposed residential units will support retail at the site and across the region.
- Mixed-Use - Highest and best use for the site, with many brokers citing Santana Row as an example the site could replicate.



# Study Area – CoStar Santa Cruz / Scotts Valley Hospitality Submarket

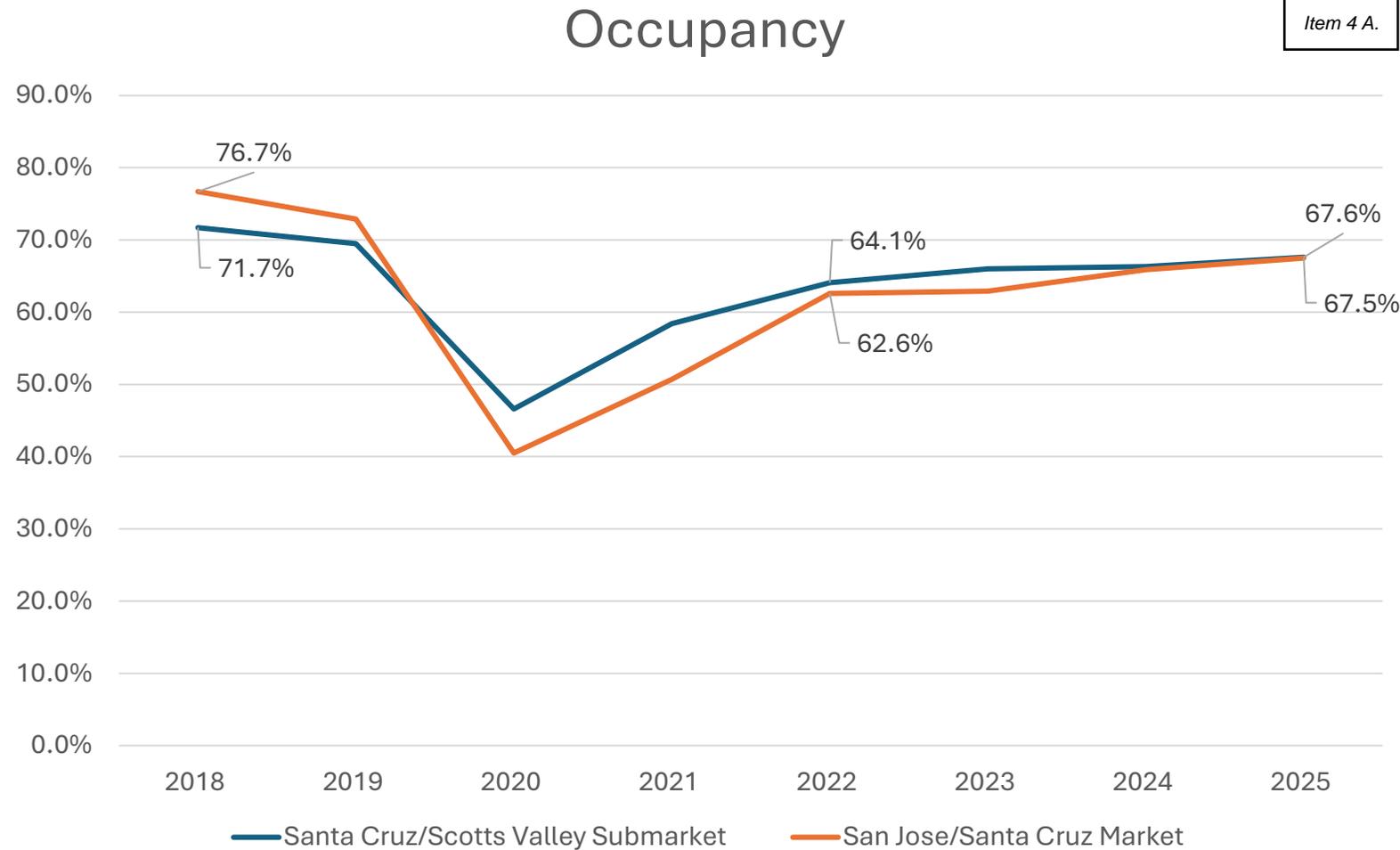


# Study Area – CoStar San Jose / Santa Cruz Hospitality Market



# Hotel Performance – Occupancy

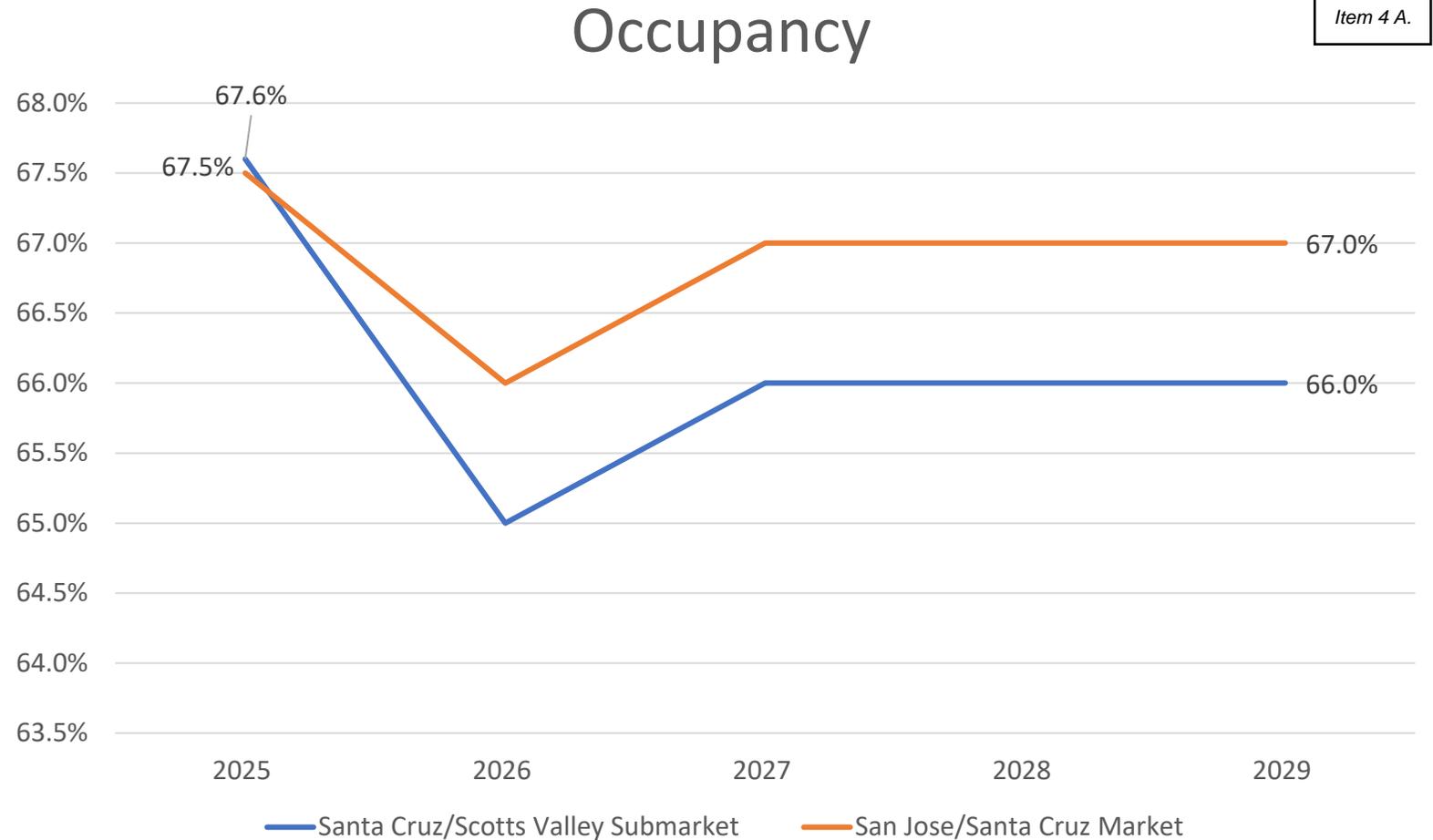
Item 4 A.



Occupancy			
	2018	2022	2025
Santa Cruz/Scotts Valley Submarket	71.7%	64.1%	67.6%
San Jose/Santa Cruz Market	76.7%	62.6%	67.5%

# Hotel Performance – Occupancy Projection

Item 4 A.

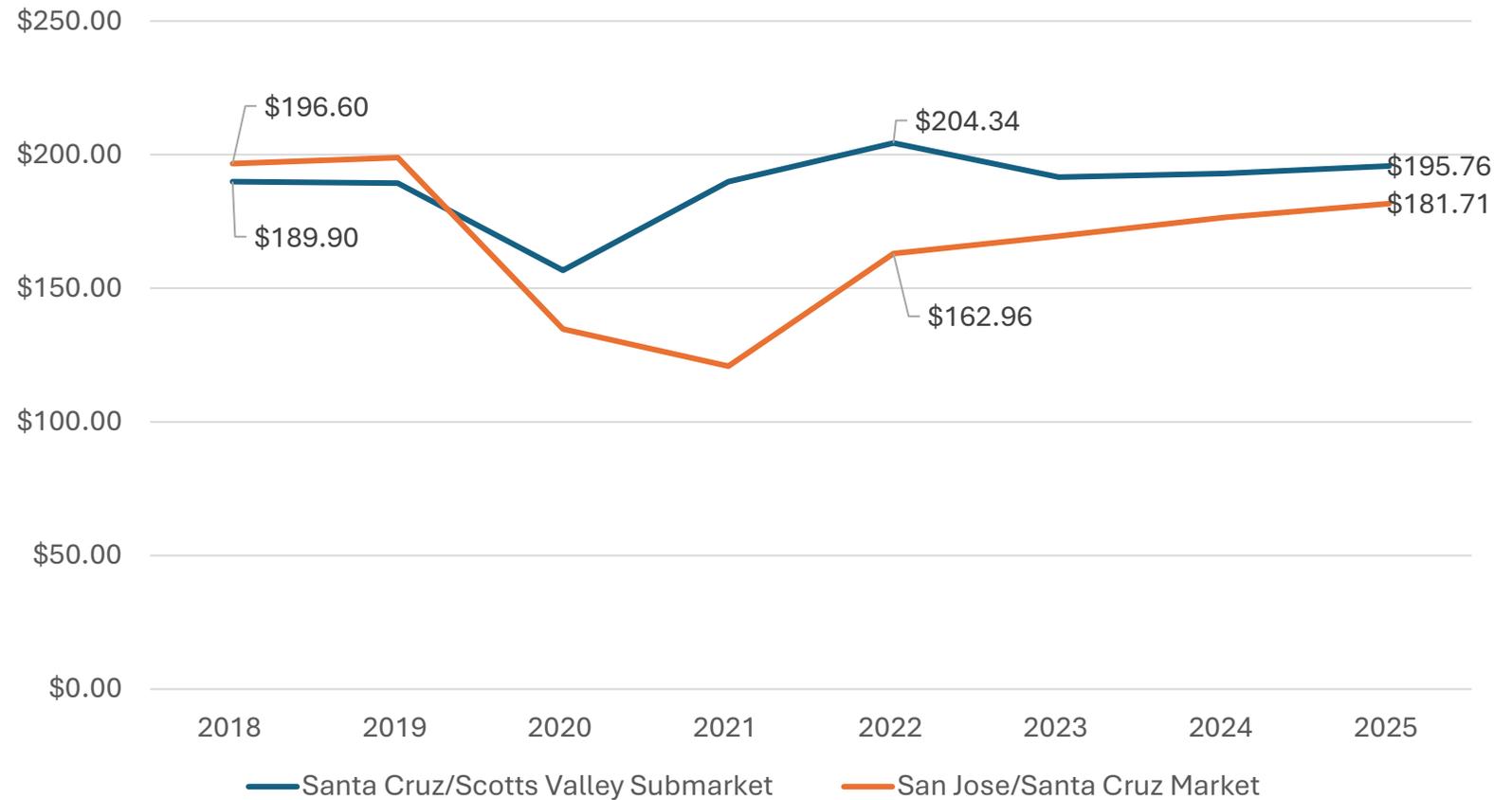


Occupancy		
	2025	2029
Santa Cruz/Scotts Valley Submarket	67.6%	67.0%
San Jose/Santa Cruz Market	67.5%	66.0%

# Hotel Performance – ADR

## ADR

Item 4 A.



### Average Daily Rate (ADR)

	2018	2022	2025
<b>Santa Cruz/Scotts Valley Submarket</b>	\$189.90	\$204.34	\$195.76
<b>San Jose/Santa Cruz Market</b>	\$196.60	\$162.96	\$181.71

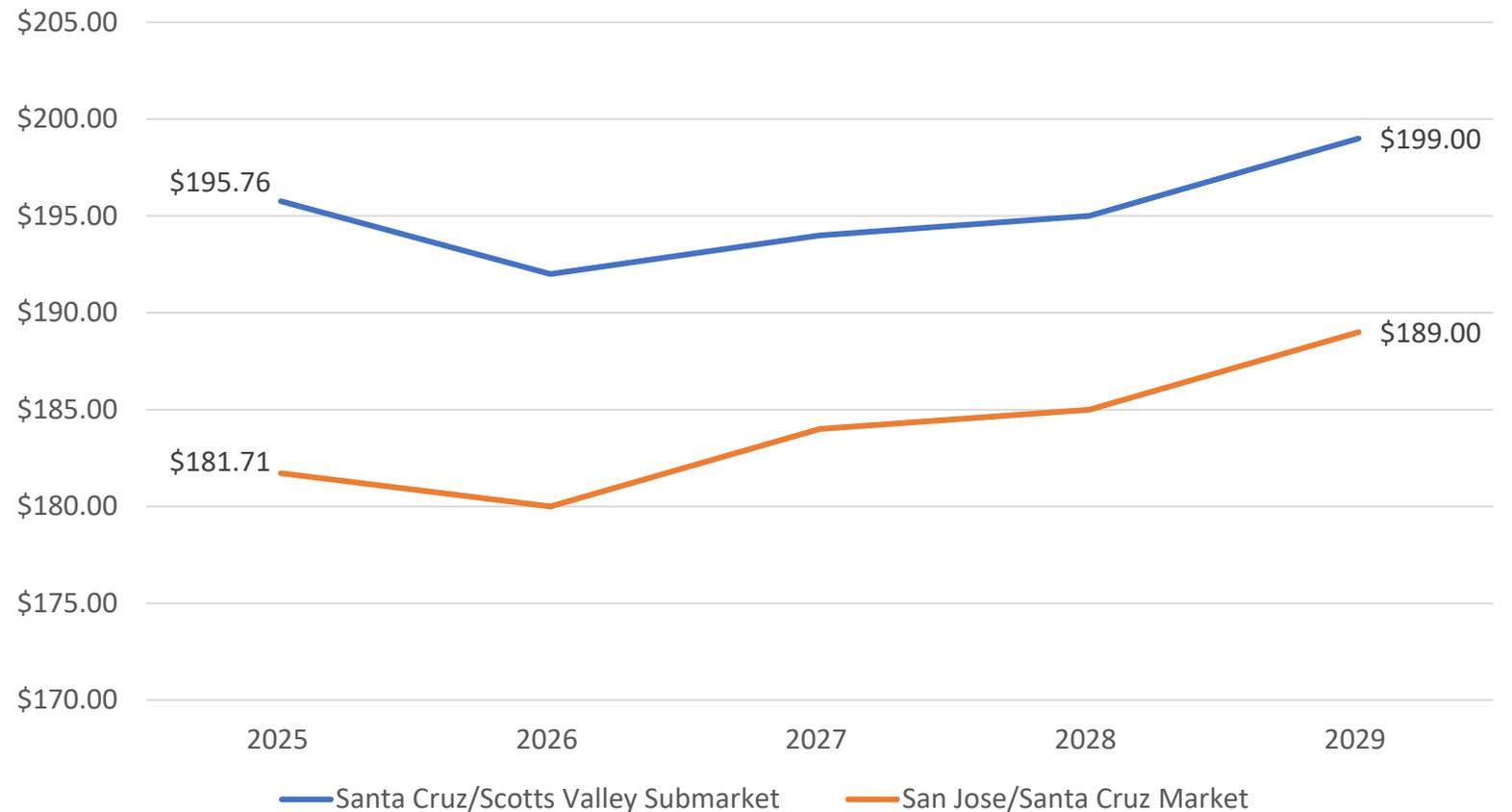
Average Daily Rate (ADR) is the average price guests pay per night for a hotel room.



# Hotel Performance – ADR Projection

## ADR

Item 4 A.

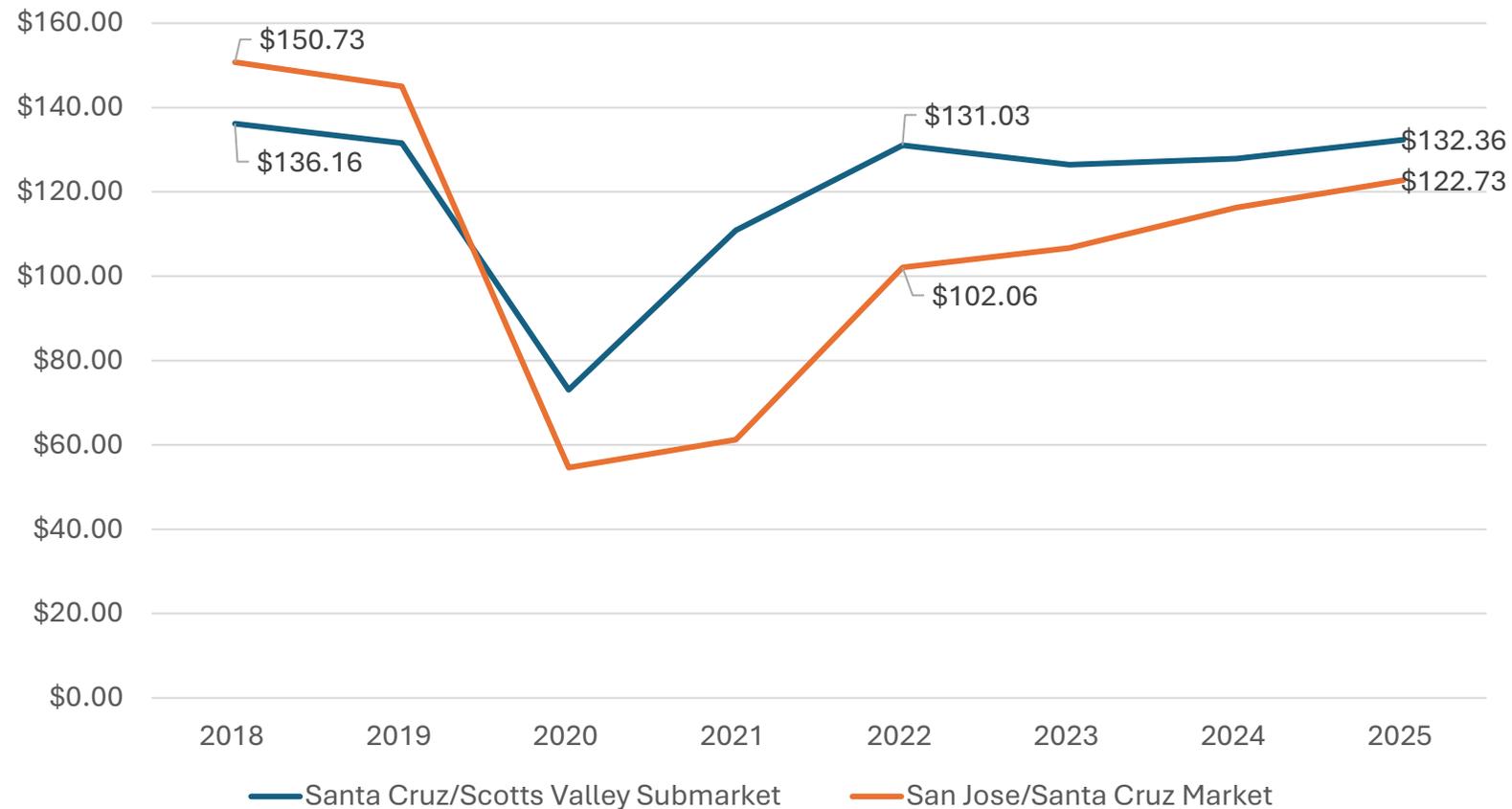


Average Daily Rate (ADR)		
	2025	2029
<b>Santa Cruz/Scotts Valley Submarket</b>	\$195.76	\$199.00
<b>San Jose/Santa Cruz Market</b>	\$181.71	\$189.00

# Hotel Performance – RevPAR

## RevPAR

Item 4 A.



### Revenue Per Available Room (RevPAR)

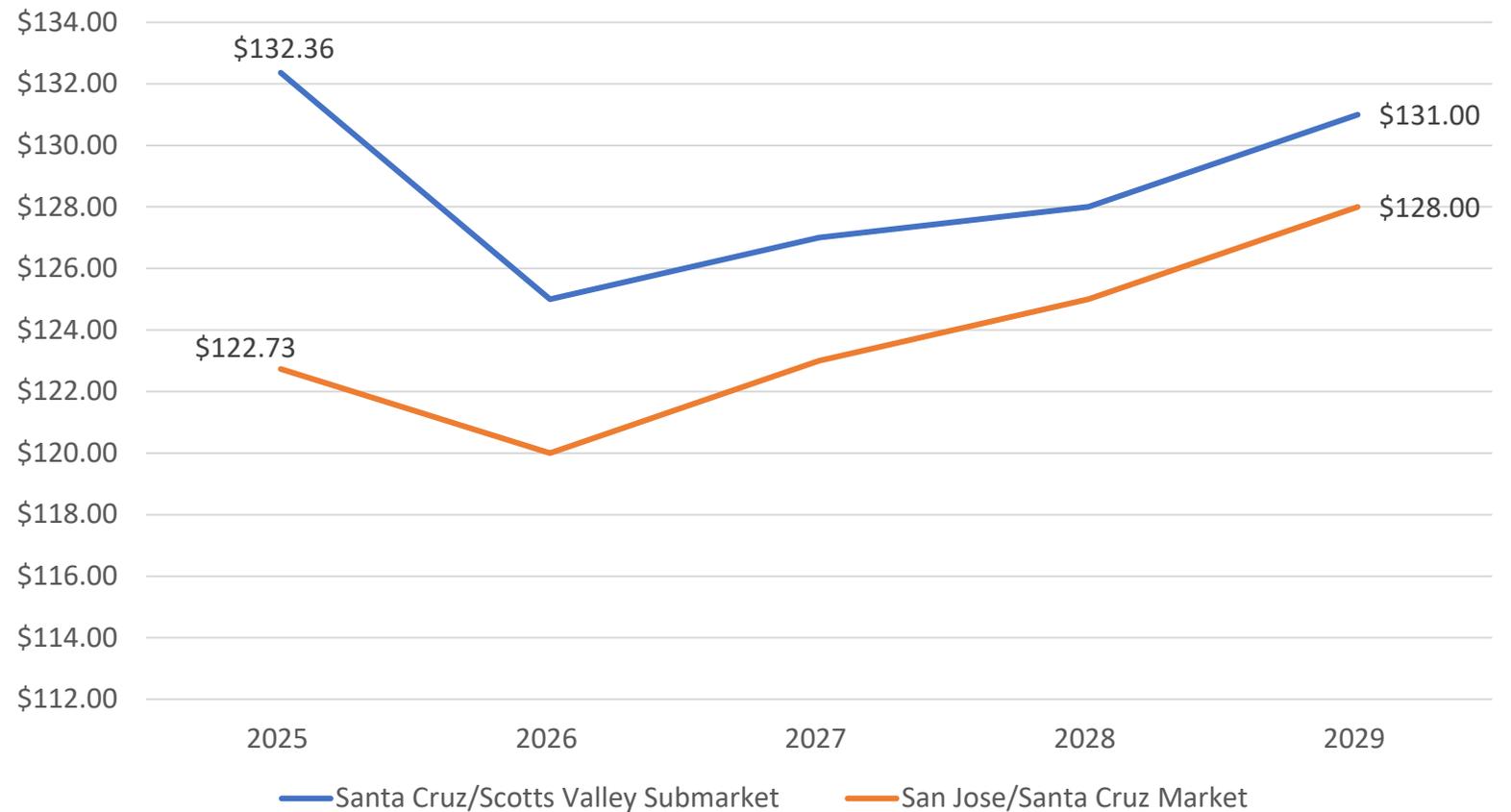
	2018	2022	2025
<b>Santa Cruz/Scotts Valley Submarket</b>	\$136.16	\$131.03	\$132.36
<b>San Jose/Santa Cruz Market</b>	\$150.73	\$102.06	\$122.73

Revenue Per Available Room (RevPAR) is calculated as follows: Average Daily Rate \* Occupancy

# Hotel Performance – RevPAR Projection

## RevPAR

Item 4 A.



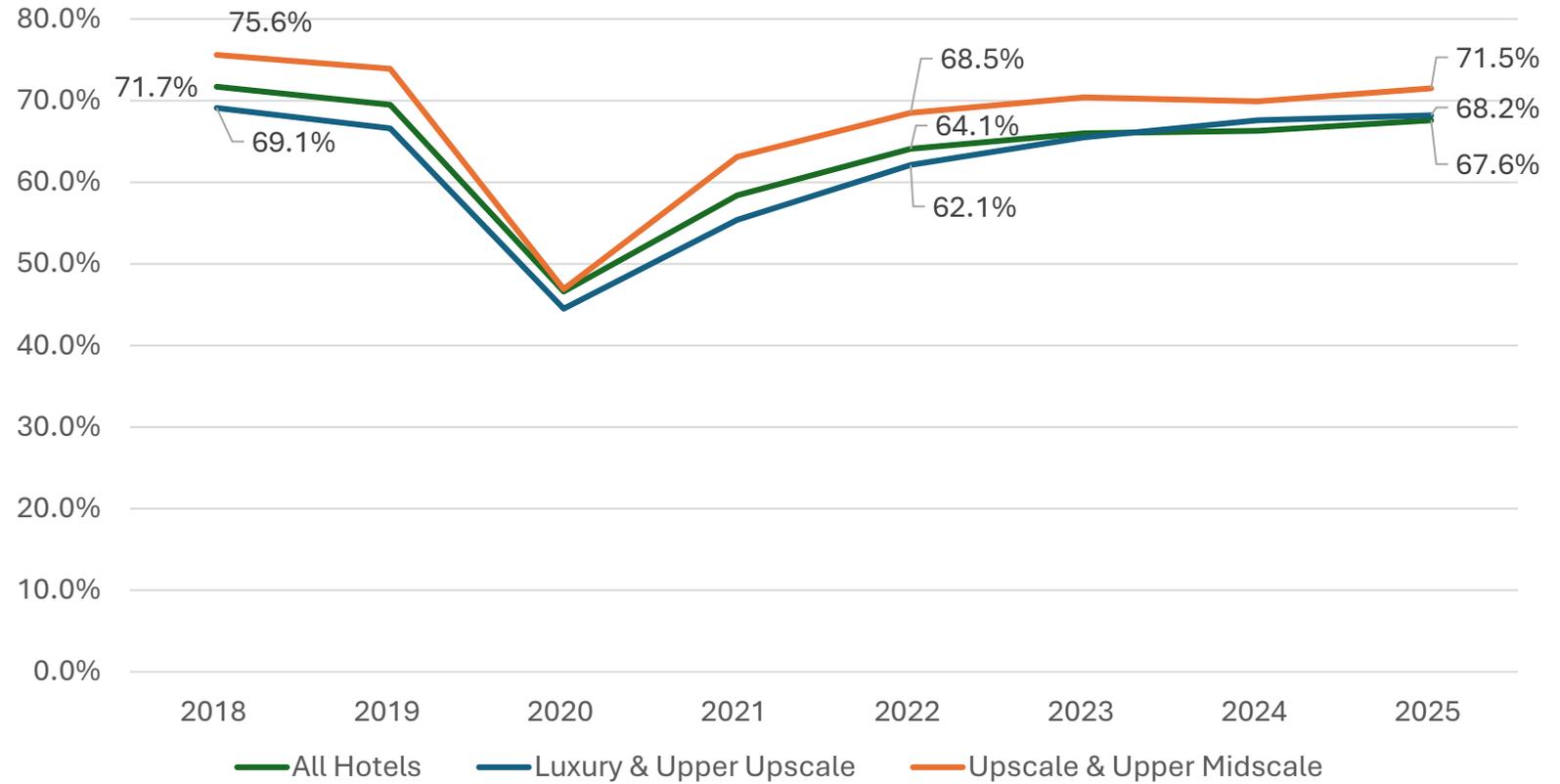
Revenue Per Available Room (RevPAR)		
	2025	2029
<b>Santa Cruz/Scotts Valley Submarket</b>	\$132.36	\$131.00
<b>San Jose/Santa Cruz Market</b>	\$122.73	\$128.00



# Hotel Performance – Submarket Occupancy

## Submarket Occupancy

Item 4 A.

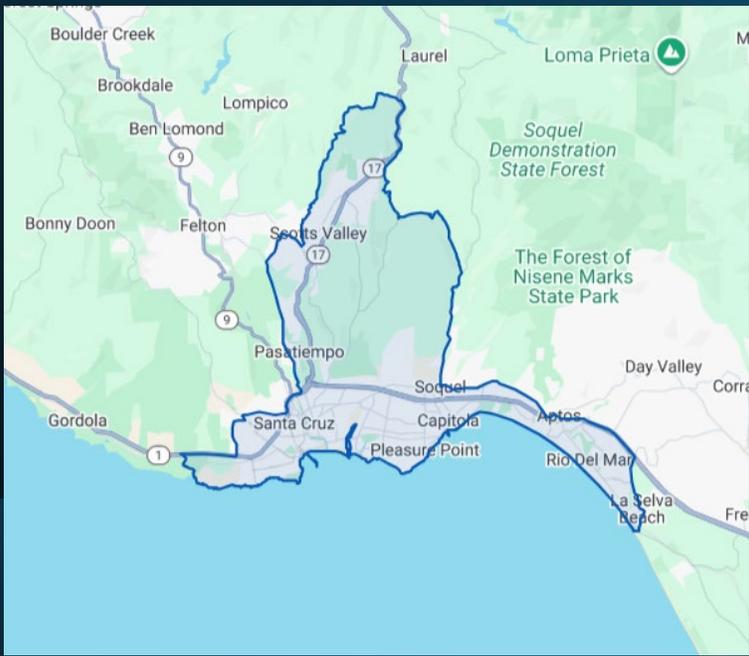


### Santa Cruz / Scotts Valley Submarket Occupancy

	2018	2022	2025
<b>All Hotels</b>	71.7%	64.1%	67.6%
<b>Luxury &amp; Upper Upscale Hotels</b>	69.1%	62.1%	68.2%
<b>Upscale &amp; Upper Midscale Hotels</b>	75.6%	68.5%	71.5%

Luxury Hotels: Four Seasons, Ritz Carlton, St. Regis, Chaminade, La Bahia  
 Upscale: Marriott, Sheraton, Hilton

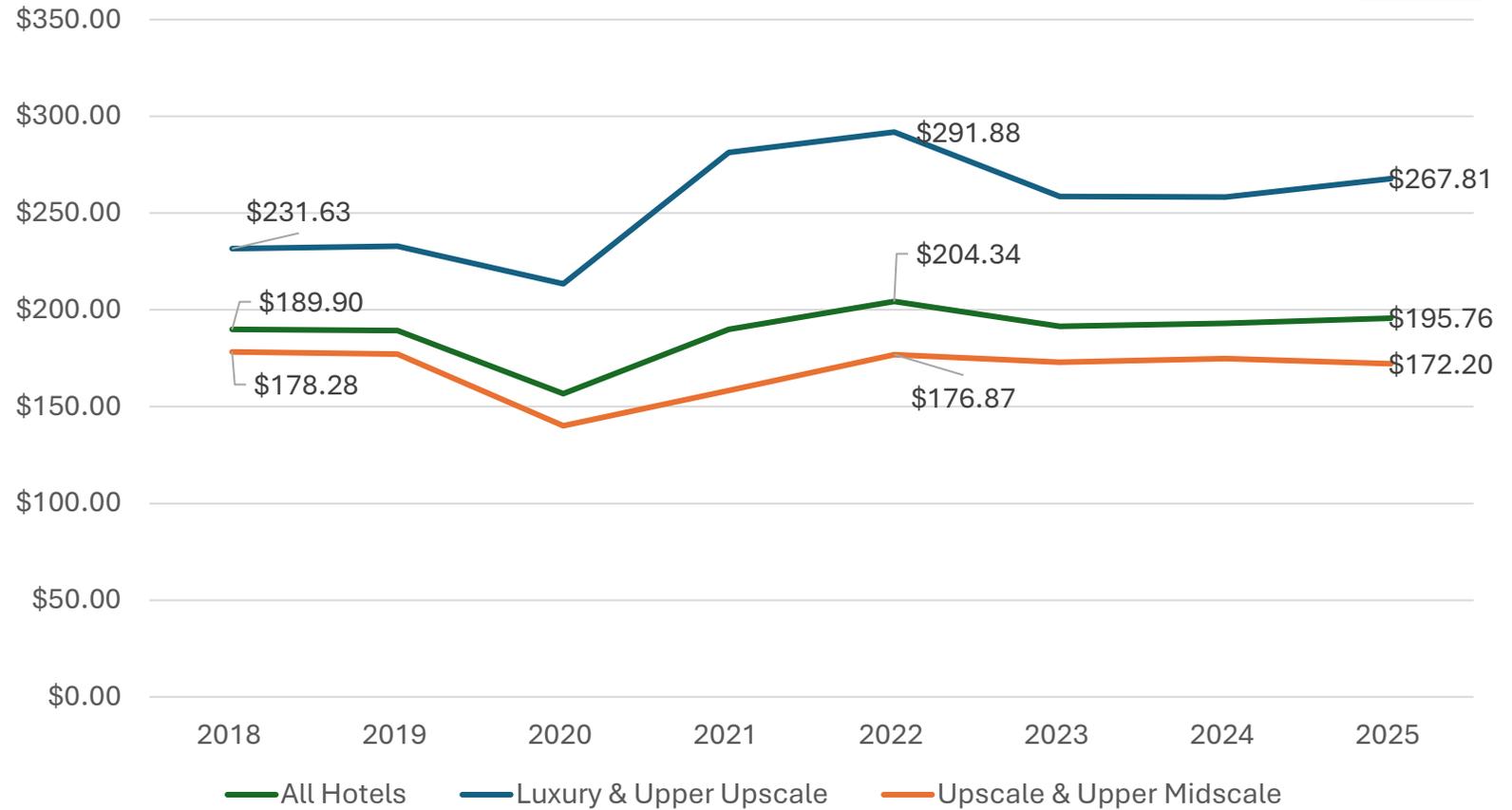
Upper Midscale: Courtyard by Marriott, Fairfield Inn & Suites, Hotel Paradox



# Hotel Performance – Submarket ADR

## Submarket ADR

Item 4 A.



### Santa Cruz / Scotts Valley Submarket ADR

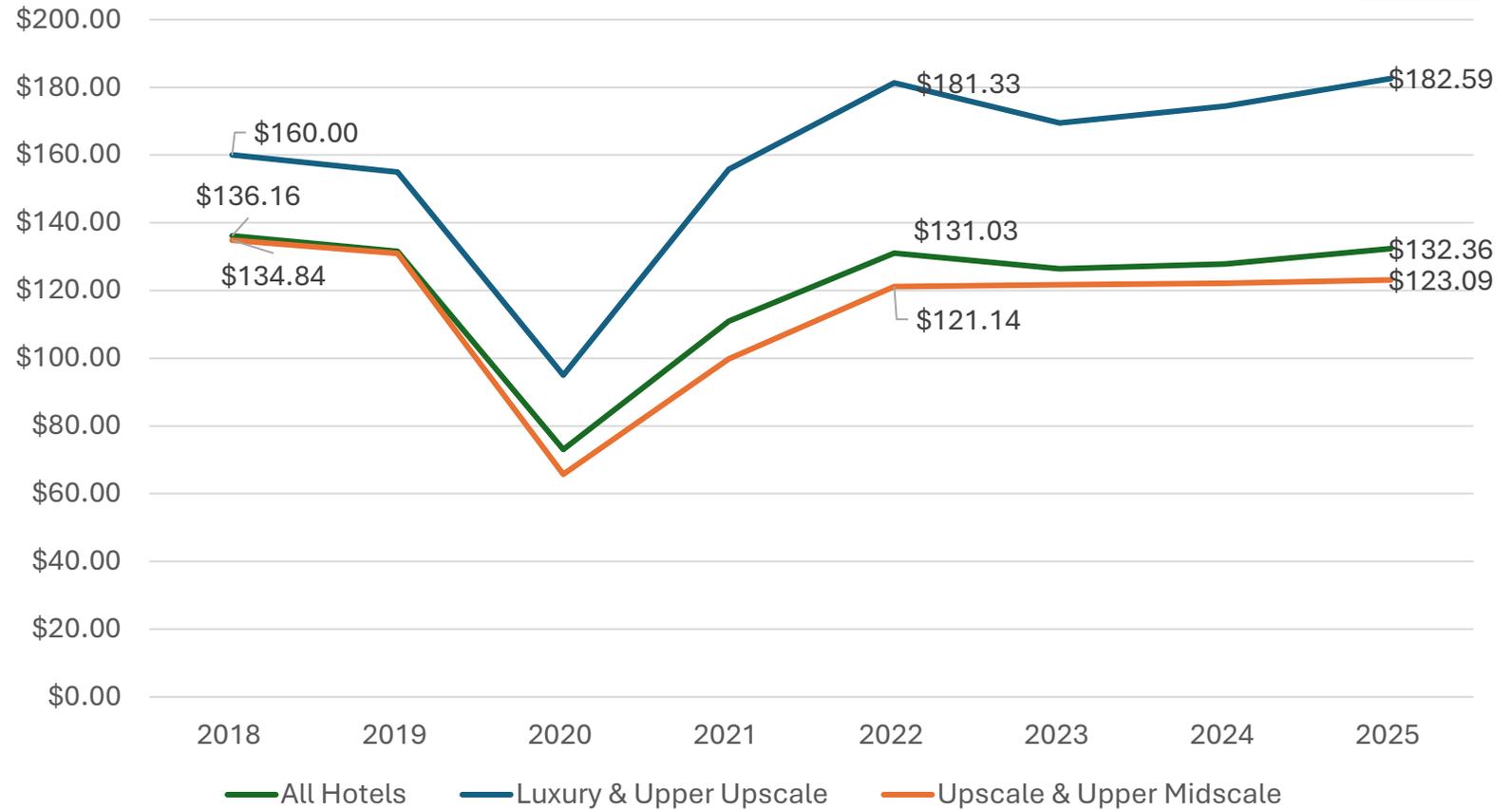
	2018	2022	2025
<b>All Hotels</b>	\$189.90	\$204.34	\$195.76
<b>Luxury &amp; Upper Upscale Hotels</b>	\$231.63	\$291.88	\$267.81
<b>Upscale &amp; Upper Midscale Hotels</b>	\$178.28	\$176.87	\$172.20



# Hotel Performance – Submarket RevPAR

## Submarket RevPAR

Item 4 A.



### Santa Cruz / Scotts Valley Submarket RevPAR

	2018	2022	2025
<b>All Hotels</b>	\$136.16	\$131.03	\$132.36
<b>Luxury &amp; Upper Upscale Hotels</b>	\$160.00	\$181.33	\$182.59
<b>Upscale &amp; Upper Midscale Hotels</b>	\$134.84	\$121.14	\$123.09

# Event Space Trends

Item 4 A.

## Santa Cruz / Scotts Valley Submarket

	Rooms	Meeting Space (sf)	Meeting Space (sf) /Room
<b>Minimum</b>	54	990	12
<b>Median</b>	128	2,600	23
<b>(Weighted) Average</b>	122	4,027	30
<b>Maximum</b>	178	9,210	72

## National

	Meeting Space per Guest Room	Typical Total for a 150-room Hotel
<b>Upper Upscale</b>	50 – 75+ sq. ft	7,500 – 11,000+ sq. ft
<b>Upscale</b>	20 – 40+ sq. ft.	3,000 – 6,000 sq. ft
<b>Upper Midscale</b>	5 – 15 sq. ft	750 – 2,250 sq. ft.



# Event Space Trends

- Meeting rooms are generally categorized by capacity, but physical footprint varies based on set-up (theater-style vs. boardroom)
- **Boardroom (8-12 people):** 250 – 400sf
  - *Upscale:* Usually have permanent boardroom tables and high-end AV.
  - *Upper Midscale:* Often a “flex” room with a standard table
- **Small Breakout (20-40 people):** 500 – 800sf
  - Common in both segments for team training or small workshops
- **Large Meeting Room/Junior Ballroom (100-150 people):** 1,500 – 2,500sf
  - Found frequently in *Upscale* hotels. These are often divisible by a “partition” wall



# Findings

- Population is projected to contract throughout the region.
- Capitola has high incomes, education levels and median age
- The largest employment sectors include Retail Trade, Accommodation & Food Service, and Construction.



# Findings

- Retail vacancy rates are healthy with modest rents in the market area.
- Rents projected to increase 8% over next five years, with vacancy rates remaining stable
- Limited retail market area development with *11,500 SF* of new commercial construction during past 5 years. The market area is projected to see a net loss of 5,700 SF of retail space by 2029.



# Findings

- Three-mile retail leakage is primarily General Merchandise (Costco, Marshalls, World Market, etc.).
- Five-mile shows no leakage, indicating greater market is in balance.
- Mall repositioning will likely benefit Target and additional general merchandise on site is challenging.



# Findings

- Food Service industry weathered pandemic well and continues to expand.
- Site residential will enhance demand for Food Service (i.e. restaurants) and Food & Beverage (i.e. grocery stores)
- Quantitative analysis and broker feedback indicates challenging retail environment.



# Findings

- Opportunities likely limited to smaller tenants, primarily food & beverage
- Modest amount of new retail demand for site reflecting current and future market conditions.
- Retail demand likely ranges from 25,000 – 35,000 SF. Only 11,500 SF was delivered over the past 5 years.
- Financial feasibility will be challenging due to modest rents, non-credit tenants and smaller spaces



# Findings

- Average occupancy of higher quality hotels (Upper Midscale+) in submarket approaches 70%
- Average ADR of higher quality hotels exceeds \$200 per night with a \$145 RevPAR
- Modest amount of meeting space in local hotels.



# Findings

- Without a brand or operator, hotel performance is difficult to project.
- Assuming a strong operator and brand, a hotel on Site could hypothetically exceed market average
- Hypothetical performance assuming a 10% - 20% premium over the market area average would suggest a RevPAR of \$165 to \$180 per key with 25 – 30 SF of meeting space per key
- Meeting space in hotels likely range from 25-30 SF per key, indicating up to 2,550 SF for an 85 room hotel and 3,900 SF for a 130 room hotel



### Zoning Code Amendments Consistency with LCP Land Use Plan

The proposed amendments apply existing design standards in Chapter 17.82 (Objective Standards for Multifamily and Mixed-Use Residential Development) to residential development in the Mixed-Use Village (MU-V) zoning district. Table 1 identifies the basis to find these proposed amendments to be consistent with applicable LCP policies. The proposed amendments for the Capitola Mall property will not apply in the coastal zone.

**Table 1: Zoning Code Amendment Consistency Determination**

LCP Policies	Basis for Consistency Finding
<p>Policy III-1 It shall be the policy of the City of Capitola to maintain the natural features, visual resources, and unique character of the Capitola Village. This includes maintenance of the particular scale and character of Capitola Village, retaining its special ability to serve both Capitola residents and visitors, protecting its natural features and views, and recognizing its historical continuity extending from the Camp Capitola period through the present. A commitment shall be made to maintaining the level of current activity in the Central Village area and/or intensifying activity and increasing capacity only in ways consistent with the current scale and character of Capitola Village.</p>	<p>The proposed amendments apply standards for streetscape improvements, parking placement and design, building placement and orientation, building massing, facade design, roof design that support an active and inviting built environment consistent with the existing scale and character of Capitola Village.</p>
<p>Policy III-2 It should be recognized that the historical continuity of development in Capitola Village is an evolutionary process that doesn't stop in the present. New styles of architecture may be as appropriate now as they have proved to be in the past. Capitola will continue to evolve as it has before, but should maintain a consistency of scale and a variety of architectural types to support the goal to preserve the special scale and character of historical Capitola Village.</p>	<p>The proposed amendments do not mandate a specific architectural style for new development. Instead, the amendments apply building placement, massing, and facade design standards to ensure quality design that will fit into the existing Village character.</p>
<p>Policy III-7 To ensure the maintenance of the special scale and character of Capitola Village development proposals within the Village area shall be subject to Arch &amp; Site and Planning Commission Review with emphasis placed on the following design particulars:</p> <ul style="list-style-type: none"> <li>a) Building bulk, width, height and roofscape (the overall building envelope and the scale of the pieces within this envelope).</li> <li>b) Architectural thematic units including:               <ol style="list-style-type: none"> <li>1. Window size and scale and frame materials.</li> <li>2. Color variety.</li> <li>3. Materials variety.</li> <li>4. Signage.</li> </ol> </li> </ul>	<p>The proposed amendment apply standards for window design, varied exterior color, varied exterior building wall material, facade articulation, sidewalks, street trees, parking lot design.</p>

<p>5. Scale of articulation.</p> <p>c) Street thematic units including:</p> <ol style="list-style-type: none"> <li>1. Trees, ground cover and foliage.</li> <li>2. Street, path and public space lighting.</li> <li>3. Paving patterns and paving materials.</li> <li>4. Traffic and parking furniture (directional signs, directional islands, bicycle racks, etc.).</li> <li>5. Signage. •</li> </ol> <p>d) A continuing program for the removal of utility poles and undergrounding of overhead wires.</p>	
<p>Policy III-8 Where replacement of structures is permitted, new buildings need not necessarily be copies of older ones, but should be build with scale, materials, and a sensitivity to the spirit of adjacent buildings and the prior structure.</p>	<p>See Policy III-2 basis for policy conformance.</p>

**RESOLUTION NO.**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA AUTHORIZING SUBMITTAL TO THE CALIFORNIA COASTAL COMMISSION FOR THE CERTIFICATION OF AN AMENDMENT TO THE LOCAL COASTAL PROGRAM AMENDING MUNICIPAL CODE TITLE 17 (ZONING) PERTAINING TO THE CAPITOLA MALL PROPERTY INCLUDING AMENDMENTS TO CHAPTER 17.24 (COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS), CHAPTER 17.76 (PARKING AND LOADING), CHAPTER 17.82 (OBJECTIVE STANDARDS FOR MULTIFAMILY AND MIXED-USE DEVELOPMENT), AND CHAPTER 17.88 (INCENTIVES FOR COMMUNITY BENEFITS), 17.160 (GLOSSARY) AND INTRODUCING A NEW CHAPTER 17.57 (OBJECTIVE DESIGN STANDARDS FOR CAPITOLA MALL REDEVELOPMENT)**

WHEREAS, on August 22, 2024, the City Council adopted 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, Housing Element Program 1.7 states that the City shall revise development standards in the Zoning Code to facilitate residential development on the Capitola Mall property;

WHEREAS, the Capitola Mall property includes the properties located between Clares Street, 41<sup>st</sup> Avenue, and Capitola Road;

WHEREAS, the Planning Commission held work sessions on October 2, October 30, and November 19, 2025, to consider Zoning Code amendments for the Capitola Mall in furtherance of Housing Element Program 1.7;

WHEREAS, on October 8, 2025, the City hosted a community meeting, to receive public input on design standards for residential development on the Capitola Mall property;

WHEREAS City staff utilized Planning Commission input and considered public feedback to prepare draft amendments to Municipal Code Title 17 (Zoning) to implement Housing Element Program 1.7;

WHEREAS, the proposed amendments include changes to Zoning Code Chapter 17.24 (Commercial and Industrial Zoning Districts), Chapter 17.76 (Parking and Loading), Chapter 17.82 (Objective Standards for Multifamily and Mixed-Use Residential Development), and Chapter 17.88 (Incentives for Community Benefits), 17.160 (Glossary) and introduce a new Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment);

WHEREAS, the proposed amendments would increase allowed building height and floor area ratio (FAR) on the Capitola Mall property, establish objective design standards for Capitola Mall redevelopment, and modify development regulations to facilitate residential and mixed-use development on the Mall property consistent with the Housing Element;

WHEREAS, the amendments also apply the Objective Standards within Chapter 17.82 to the Mixed-Use Village zoning district and Industrial zoning district;

WHEREAS, the Mixed-Use Village zoning district and some properties within the Industrial zoning district are located in the Coastal Zone;

WHEREAS, notice of the Amendments' availability was mailed and public review drafts were

made available on January 8, 2026, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, the Capitola City Council conducted duly noticed public hearings on February 23<sup>rd</sup>, 2026, at which the City Council introduced and performed a first reading of an ordinance to adopt the proposed Zoning Code Amendments;

WHEREAS, the City Council determined that the Zoning Code Amendments are consistent with the General Plan and that the revisions would be internally consistent with all other provisions of the Municipal Code;

WHEREAS, the Zoning Code Amendments would become a component of Implementation Plan of the City's Local Coastal Program and is intended to be implemented in a manner that is in full conformance with the California Coastal Act;

WHEREAS, the Local Coastal Program Implementation Plan establishes specific land use and development regulations to implement the Local Coastal Program Land Use Plan, and Title 17 (Zoning) and the Zoning Map are part of Capitola's Local Coastal Program Implementation Plan; and

WHEREAS, the City provided Public Notice, as required under Coastal Act 30514 et seq., for Certification of the LCP Implementation Plan and Corresponding Maps.

NOW, THEREFORE, BE IT HEREBY RESOLVED, by the City Council of the City of Capitola, that this Resolution declares and reflects the City's intent to amend the LCP Implementation Plan as it pertains to Chapter 17 (Zoning), as drafted, if certified by the California Coastal Commission, in full conformity with the City of Capitola LCP and provisions of the California Coastal Act.

BE IT FURTHER RESOLVED, that the City Manager or his designee is directed to submit the said Coastal Commission LCP Amendments to the California Coastal Commission for its review and certification. If the Coastal Commission approves the amendment package, it will take effect automatically upon Coastal Commission approval. If the Coastal Commission modifies the amendment package, only the modifications will require formal action by the City of Capitola.

BE IT FURTHER RESOLVED, this resolution shall become effective at such time as Ordinance No. \_\_\_\_\_ approving the Zoning Ordinance amendments becomes effective, and if such Ordinance has not become effective by December 31, 2026, this resolution shall be deemed to be void and of no further force or effect.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 23<sup>rd</sup> day of February, 2026, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

\_\_\_\_\_  
Margaux Morgan, Mayor

ATTEST: \_\_\_\_\_  
Julia Gautho, City Clerk



**1. The City of Capitola is updating the zoning code for the Capitola Mall. How can stay informed and participate.**

You can learn more about the Capitola Mall zoning code updates and how to participate on the City dedicated webpage. For more information, view the webpage at:

<https://www.cityofcapitola.org/communitydevelopment/page/capitola-mall-zoning-code-amendments>.

You can also sign up for notification on the Capitola Mall on the City’s website. For more information, view the webpage at:

<https://www.cityofcapitola.org/newsletter/subscriptions>.

**2. Has the City undergone previous planning efforts to assist in redevelopment at the Capitola Mall?**

Yes. Here is a list of previous planning efforts toward mall redevelopment since 2010:

- 2010 Zoning Code: Reduce parking & allowed residential in mixed use
- 2011 41st Avenue / Capitola Mall Re-Visioning Plan
- 2013 General Plan Update
- 2018 Zoning Code: Increase height and floor area, allow horizontal mixed use, and decreased parking
- 2019 Processed 2019 Mall Redevelopment Conceptual Review Application – Withdrawn due to Pandemic
- 2022 Zoning Code: Introduced objective standards for multifamily and mixed use
- 2024 Housing Element Update
- 2024 Updated Zoning Code to removed barriers to housing production

**3. Where can I view the City’s existing Zoning Code and Zoning Map?**

The City’s zoning code is Title 17 of the Capitola Municipal Code. The Zoning Code may be viewed at this [link](#). The City’s Zoning Map may be viewed at this [link](#).



#### 4. Why is the City updating the Capitola Mall zoning now?

The City is updating the zoning at the Capitola Mall to fulfill the commitment made within the 2024 Housing Element. The Capitola Mall block is a key redevelopment site in the housing to accommodate future housing. The City is updating its zoning regulations to include more objective standards to ensure predictable, fair, and transparent review of new development and housing projects.

#### 5. What is the timeline for updating the Mall zoning code?

The Housing Element targets completion of the updates by the end of this year, 2025. The City is currently working on the zoning code updates for the Capitola Mall.

The Planning Commission had a work session on the updates on October 2, 2025. For more information, view webpage at <https://www.cityofcapitola.org/pc/page/planning-commission-meeting-45>.

A Community Meeting occurred at New Brighton Middle School on October 8, 2025. A summary of the public outreach will be included in the agenda packet for the Special Planning Commission meeting on [October 30, 2025](#).

Special Planning Commission meetings for mall zoning updates are scheduled for [October 30, 2025](#), and [November 19, 2025](#), at 5 pm in City Hall Council Chambers at 420 Capitola Avenue, Capitola, CA. Please note the early 5 pm start.

#### 6. What is the Housing Element?

The Housing Element is one of the seven State-required “elements” or chapters that comprise the City’s General Plan and includes goals, policies, programs to be implemented during the planning period to meet current and future housing needs within the City. The Housing Element provides an analysis of the City’s population, economic, and housing stock characteristics, in addition to a comprehensive evaluation of housing programs and regulations.

State law requires the Housing Element to be updated every eight years in order to remain relevant and reflective of the community’s changing housing needs. The City’s



current Housing Element covers the 2023-2031 period (also known as the sixth cycle), and the State law requires that the City adopt this update by December 15, 2023.

Pursuant to State housing law, a Housing Element document is required to include the following components:

Housing Needs Assessment: Analysis of the City’s demographic, household and housing characteristics for the purpose of identifying and analyzing the existing and projected housing needs of a City.

Constraints Analysis: Analysis of potential market, governmental, environmental and infrastructure constraints to the development of housing.

Goals, Policies and Objectives: A statement of goals, policies, quantifiable objectives and financial resources available for the preservation, improvement and development of housing.

Housing Programs: A list of housing programs setting forth actions and timelines for the implementation of established policies and goals set forth in the Housing Element.

Site Inventory: An inventory of resources and constraints relevant to meeting a city’s housing needs, including an inventory of adequate sites and zones for future housing development.

[Housing Element Adopted Sites Inventory Map \(link\)](#)

[Housing Element Adopted Sites Inventory List \(link\)](#)

## 7. What has Capitola committed to in its Housing Element related to the Mall?

There are two programs within the Housing Element related to the Capitola Mall: Program 1.6: Development Regulations and Program 1.7: Shopping Center Redevelopment. These programs include the following deliverables:

1. Define “Mall Redevelopment” to mean a mix of uses including residential and retail/commercial components
2. Develop land use policies to facilitate shopping center Mall Redevelopment with a strong sense of urban design cohesion
3. Increase building height up to 75 feet for Mall Redevelopment
4. Exclude parking garages from project development Floor Area Ratio (FAR) calculations
5. Adopt objective development standards to facilitate Mall Redevelopment



## 8. What is the Capitola Mall Block?

It is all the properties between Clares Street, 41st Avenue, and Capitola Road. This includes Target, Macy's, Sears, Takara, Olive Garden, Ross, Citibank, and Bank of America.

## 9. What is an objective standard?

Objective standards are utilized by the City to review development projects without personal or subjective judgment. These are clear, measurable rules that a project must meet, such as building height limits, setbacks, design features, or landscaping requirements. Objective standards are written so that anyone can look at a proposal and determine whether it complies, without personal interpretation.

Recent State housing laws now require that specific types of housing development applications be reviewed only against objective standards. This means that older, subjective design criteria or discretionary design guidelines are no longer enforceable for qualifying housing projects.

For example, an objective design standard might require that a building entryway be recessed five feet from the front façade or windows include a minimum three-inch trim detail. These are measurable requirements, unlike a subjective standard that might say a building should be visually appealing or fit the neighborhood style.

## 10. What is RHNA?

The Regional Housing Needs Allocation (RHNA) is a state-mandated process that determines how many housing units, by affordability level, each city and county in California must plan for in its Housing Element. RHNA is not a mandate to construct housing. Instead, it requires jurisdictions to identify sufficient sites where housing could reasonably be built to accommodate their share of the region's housing needs.

Capitola's RHNA allocation received prior to starting the Housing Element update:

- 497 low-income units (50 – 80% of Area Median Income)
- 169 moderate-income units (80 – 120% of Area Median Income)
- 455 above-moderate (market-rate) units (Over 120% Area Median Income)
- City Total: 1,336 units



## 11. How many units in the mall block are included in the Housing Element Sites Inventory?

- 266 low-income units (50 – 80% of Area Median Income)
- 90 moderate income units (80 – 120% of Area Median Income)
- 1,422 above moderate units (Market rate)
- Mall Block Total: 1,777 units

## 12. How did the number of Housing Element units at the mall end up exceeding the City's overall RHNA allocation?

Between 2023 and 2024, the City prepared multiple drafts of the Housing Element for review. In the first draft, adopted by the City Council on November 9, 2023, there were six\* sites listed within the Mall block, the properties bound by Clares Street, 41st Avenue, and Capitola Road. Five\* of the six\* are owned by Merlone Geier Partners (MGP), the majority owner of the mall site, who own 31 acres of the 46-acre mall site. These six sites were identified to accommodate the following number of units.

- 368 low-income
- 109 moderate-income
- 257 above-moderate

After publishing the initial draft, the City received comments from the State of California's Department of Housing and Community Development (HCD) that the number of affordable units placed on the six Capitola Mall sites was not feasible, as an owner would not receive a fair rate of return from developing a project with only 35% market rate units and 65% below market affordable units.

After State HCD commented that the proposed units were not feasible, the City expanded the sites inventory to include 12 of the 14 properties within the Mall block. State HCD also required the City to demonstrate that the units proposed for the Mall sites were economically feasible to construct.

This economic analysis demonstrated that a developer needed approximately four times the number of market rate units compared to the number of affordable units. Specifically, the analysis determined the following economic feasibility percentages:

- 15% low-income



- 5% moderate-income
- 80% market rate

As a result, to meet Capitola’s RHNA requirement for affordable units, the City had to identify more market rate units at the mall block, so that a future developer could generate enough profit to build the required number of low- and moderate-income homes.

### **13. Capitola is a “High Opportunity” area. What does this mean?**

A “High Opportunity Area” is a neighborhood that provides strong access to good schools, jobs, parks, and public services. Projects in these areas are more likely to receive affordable housing funding because they give residents access to opportunity and long-term stability. The Capitola Mall area has been identified as a high-opportunity location, which means it’s a good place to include new housing options.

### **14. Does the City have an application from the mall owner to redevelop the site?**

At this time, Merlone Geier Partners does not have an active redevelopment proposal for Capitola Mall. MGP is participating in the zoning code updates as a property owner, but is not pursuing a specific project currently. MGP owns 32 acres of the 46 acre site. You can learn more about MGP’s involvement in the zoning code update at <https://capitolamall-community.com>.

### **15. How will the City accommodate high density development within the Capitola Mall block?**

To accommodate the new housing units planned for the Mall site, the City committed in the Housing Element to increasing the maximum building height from 40 feet to 75 feet and to not count parking garages to the maximum building floor area.



### **16. What types of development does the City expect to see on the mall site?**

The City expects that the updated zoning for the Capitola Mall will create a balanced, mixed-use plan that enhances the entire mall block. The vision includes greater connectivity through new internal streets and walkways, safe and comfortable sidewalks and bike lanes, and inviting public spaces with landscaping, plazas, and gathering areas. These improvements are intended to transform the area into a vibrant, walkable district that serves residents, visitors, and shoppers alike.

To accommodate the new housing units planned for the Mall site, the City will update the zoning to allow a maximum building height of 75 feet. This height increase will make it possible to design mid-rise apartment buildings with structured parking, such as podium-style or wrapped parking garages. These designs make more efficient use of land by integrating parking into buildings rather than spreading it across large surface lots.

The redevelopment is also expected to include less commercial space than exists today, reflecting broader trends in retail and the growing role of online shopping. In addition, the City is encouraging the inclusion of a hotel on the site. A hotel would help generate transient occupancy tax (TOT) revenue, which supports City services and helps offset the costs associated with welcoming new residents and visitors.

### **17. Why is the City increasing building heights to 75 feet instead of taller?**

There are several reasons for the 75 foot height limit. The City's Housing Element includes language committing the city to increase height to accommodate new housing and density. The Housing Element estimates a density of 48 units per acre on the Mall site while still maintaining some ground-floor commercial and public open space. This density can be accommodated within the 75 foot height limit.



### **18. I've noticed a lot of the new housing in Santa Cruz is about 75 – 85 feet. Why is this?**

Economics plays a big role. Buildings taller than 85 feet require more complex engineering and construction. Under 75 feet, the lower two floors are typically concrete for strength, fire safety, and seismic stability. The upper five floors are wood-frame (“stick”) construction, which is lighter and less expensive. Going taller would require additional concrete floors or more advanced structural systems, significantly increasing construction costs.

Also, the 75-foot height makes it possible to include structured parking in an efficient, pedestrian-friendly way including podium parking and wrapped parking. With podium parking the parking is located at the base of the building, with housing or commercial uses above. Wrapped parking has parking located internally and “wrapped” so the apartments or shops are seen on the street-facing sides and parking garage is hidden from view. These approaches maximize land use while keeping streetscapes attractive and active.

### **19. What is Floor Area Ratio (FAR)?**

Floor Area Ratio, or FAR, compares the size of a building to the size of the property it’s built on. For example, if a property has an FAR of 1.0, that means the total floor area of the building equals the size of the lot. With a FAR of 1.0, a 20,000 square foot lot could have up to a 20,000 square foot building. A higher FAR means more building square footage, such as taller buildings or more compact development, while a lower FAR means less intensive development.

### **20. What is the FAR for the Capitola Mall?**

The Capitola Mall is located in the Regional Commercial (C-R) zoning district which has a maximum FAR of 1.5. However, the Capitola Mall is eligible for Incentives for Community Benefits (Chapter 17.88 of the Zoning Code view [here](#)) which allows Mall redevelopment an increased FAR up to 2.0.



## **21. The Housing Element requires the City to exclude parking garages from project development Floor Area Ratio calculations. What does this mean?**

The Capitola Mall sites will have a FAR of 2.0, that means the total floor area of the building can be two times the size of the lot. For example, on a 100,000 square foot lot on the mall site, they could develop a 200,000 square foot structure. Typically, all area with the buildings is counted toward the floor area. However, with the garage exception to parking garages, the previous example could include a 250,000 square foot building in which 50,000 square feet is a garage.

During the Housing Element update, the mall developer requested that parking garages not count toward the total floor area when calculating FAR. This is common for mixed-use or redevelopment projects because parking structures can add a lot of square footage without adding usable space like housing, offices, or shops. Excluding parking from the FAR encourages better site design and more efficient use of land, allowing new housing, public spaces, and shops to fit within reasonable building sizes while still meeting parking needs.

## **22. What happens if the City does not update the zoning as required in the Housing Element?**

If the City decided not to move forward with the zoning code updates to accommodate increased housing at the Mall site, there could be serious consequences from the State.

In California, every city and county must adopt a State-certified Housing Element and submit an annual progress report showing how it is meeting its housing goals. The Housing Element must include realistic programs and zoning that allow for the number of housing units assigned to the City through the Regional Housing Needs Allocation (RHNA) process.

If Capitola does not complete the required zoning updates, the City's Housing Element may be considered out of compliance with State law. This can result in several significant consequences, including:

- **Loss of local control:** If the State revokes its certification that the City's Housing Element complies with state law, the City could become subject to the "Builder's Remedy", a State provision that allows developers to propose housing projects of any



density or height, even if they do not meet local zoning, so long as a portion of the homes are affordable.

- **Loss of eligibility for State grants:** The City could lose access to important State and regional funding programs, including housing, infrastructure, transportation, and climate resilience grants.
- **Potential legal action:** The State Department of Housing and Community Development (HCD) or third parties may take legal action to compel compliance, which could result in court-ordered approvals or penalties.
- **Delayed implementation of local priorities:** Without compliance, Capitola could lose its ability to guide how and where new housing is built, limiting opportunities to design projects that reflect community goals.

Updating the zoning is therefore essential to maintaining local control, qualifying for funding, and ensuring Capitola meets State housing requirements in a way that best fits the community's character and vision.

### **23. Can the City add a minimum ground floor commercial FAR for the mall site?**

The city can add requirements for ground floor commercial in the zoning code updates; however, the requirements should be drafted to require ground floor commercial only where the city has evidence that such development will be feasible.

The consultant team for the zoning code updates includes an economic development specialist who will be guiding the City in respect to ensuring success with new commercial space. Over the past decade, new brick-and-mortar commercial development has slowed significantly as consumer shopping has shifted online. Retailers are increasingly prioritizing e-commerce platforms, reducing the demand for traditional physical storefronts. As a result, new commercial projects often focus on mixed-use spaces, experiential retail, or smaller footprints, while large traditional retail centers face higher vacancy rates and struggle to attract tenants. The city will analyze retail demand at and around the mall to gauge the likelihood of success for new retail space within the mall.



**24. Sales Tax. I have heard that the mall redevelopment will result in a decrease in retail and an increase in housing. What will the impact be on the City's budget.**

It depends on the mix of uses proposed on the site. Additional housing units come with a cost due to the services the city provides (police, public works, street improvements, city administration). However, if retail declined but a new hotel were built on the mall site, this could have a significant benefit to the City's budget as hotel generate more tax revenue than retail.

City revenues come in the form of taxes which have different tax rates. For instance, of the 1% property tax collected by the county, the city receives on average 7.5%. Sales tax is 9.25%, of which the city receives 1.5%. A hotel collects TOT tax which is 12% of gross hotel revenue, which all goes directly to the city.

**25. Does the City have a citywide utility master plan for water, sewer, storm water, and electricity?**

Capitola is not a full service city. The City does not operate water or sanitary sewer utilities. At the Capitola mall, water and sewer are provided by the City of Santa Cruz Water Department and Santa Cruz County Sanitation District, respectively. Also, Zone 5 of the County Flood Control and Water Conservation District maintains the major conveyances of storm water throughout Capitola, while the smaller local storm drains are maintained by the City.

**26. Is there recent analysis of water, sewage, and stormwater infrastructure to determine if there is enough capacity for the scale of redevelopment (and new residential development) the City is planning for at the Capitola Mall site?**

Each agency has current master planning documents that include capacity planning for redevelopment at the Capitola Mall site. You can view these studies by clicking on the links below

- *Zone 5 Storm Drain Master Plan (Draft 2023): [link](#)*
- *Santa Cruz Water Department Urban Water Management Plan: [link](#)*
- *Sanitation District Sewer System Management Plan: [link](#)*

In addition, the utility agencies presented their system capacity and planning efforts to the Capitola Planning Commission in June 2025. To learn more, read the staff report ([staff report link](#)) or watch the video ([Planning Commission Video](#)).



**27. Emergency Services. If the Capitola Mall is redeveloped and population increases, what is the impact on police services?**

The City studied the costs associated with population growth at the Mall in 2019. The study showed each new resident cost the City approximately \$305 in police services, and \$785 in total for all City services. While those numbers are now dated, they provide a useful reference point.

Currently, Capitola has 24 sworn officers serving about 10,000 residents (roughly 2.4 officers per 1,000 people). As the community grows, the City will evaluate staffing needs and funding options. Generally, the City would need to add about 2 sworn officers for every 1,000 new residents to maintain current service levels. Generally, the City would need to add about 2 sworn officers for every 1,000 new residents to maintain current service levels, unless the project also includes uses which result in a decrease in service demands.

**28. Impact Fees. Does the City have impact fees for road improvements and increased services (police, public works, city administration)?**

Capitola collects development impact fees at the time a building permit is issued for new construction. These fees require property owners to pay their fair share of the costs associated with growth and the impacts of new development.

Currently, Capitola charges impact fees for the General Plan, Public Art, and Affordable Housing. The City does not currently have impact fees for streets, public safety, or other City services such as police, public works, or administration.

Historically, larger developments in Capitola were approved through Planned Development applications which included conditions of approval and agreements between a developer and the City. These agreements often included project-specific commitments, such as road improvements or community benefits, in exchange for certain development rights.

However, recent changes in State housing law have limited the City's ability to rely on development agreements or discretionary negotiations for housing projects. Cities are now required to use objective standards, which are clear, measurable rules that can be



applied consistently without subjective interpretation. This ensures that project reviews are transparent, predictable, and compliant with State housing law.

To establish any new impact fees (for example, to help fund roads or public services), the City must first prepare a nexus study. A nexus study demonstrates the legal connection (“nexus”) between new development and the need for additional public facilities or services. The study must also show that the amount of the fee is proportionate to the project’s impact. By law, cities can only collect impact fees that are supported by a documented nexus study, ensuring fees are fair, legally defensible, and tied directly to the impacts of new growth.

### **29. CEQA: Will the zoning updates for the mall be subject to CEQA?**

The zoning updates will likely be exempt from CEQA. SB 131, which took effect in 2025, exempts rezoning that implements the schedule of actions contained in an approved housing element. (PRC § 21080.085) The mall zoning code updates will be amending current zoning regulations to implement Housing Element Program 1.7 for the mall site. As the zoning code updates are drafted for the mall, the City will continue to evaluate this exemption’s application to the potential changes.

A common question from the community has been: **How did the number of planned units at the mall end up exceeding the City’s overall RHNA allocation?** This document has been prepared to answer that question.

**What is RHNA?**

The Regional Housing Needs Allocation (RHNA) is a state-mandated process that determines how many housing units—by affordability level—each city and county in California must plan for in its Housing Element. RHNA is not a mandate to construct housing. Instead, it requires jurisdictions to identify sufficient sites where housing could reasonably be built to accommodate their share of the region’s housing needs.

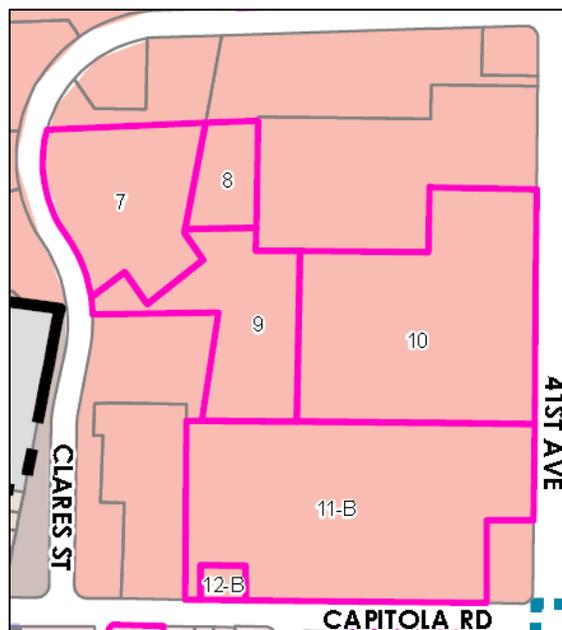
Capitola’s RHNA allocation received prior to starting the Housing Element update:

- 497 low-income units (50 – 80% of Area Median Income)
- 169 moderate-income units (80 – 120% of Area Median Income)
- 455 above-moderate (market-rate) units (Over 120% Area Median Income)
- City Total: 1,336 units

**Background**

Between 2023 and 2024, the City prepared multiple drafts of the Housing Element for review. In the first draft, adopted by the City Council on November 9, 2023, there were six\* sites listed within the Mall block, the properties bound by Clares Street, 41<sup>st</sup> Avenue, and Capitola Road. Five\* of the six\* are owned by Merlone Geier Partners (MGP), the majority owner of the mall site, who own 31 acres of the 46-acre mall site. These six sites were identified to accommodate the following number of units.

- 368 low-income
- 109 moderate-income
- 257 above-moderate



**State Review and Certification**

After publishing the initial draft, the City received comments from the State of California’s Department of Housing and Community Development (HCD) that the number of affordable units placed on the six Capitola Mall sites was not feasible, as an owner would not receive a fair rate of return from developing a project with only 35% market rate units and 65% below market affordable units.

\*Note: Number corrected following original publication

**Changes to Sites**

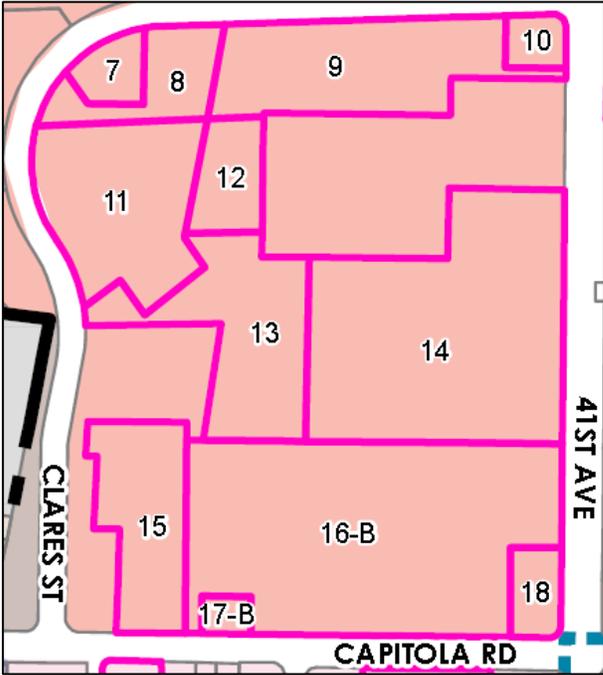
After State HCD commented that the proposed units were not feasible the City expanded the sites inventory to include 12 of the 14 properties within the Mall block.

**Increase in Market Rate Housing Units for Economic Feasibility**

State HCD also required the City to demonstrate that the units proposed for the Mall sites were economically feasible to construct.

This economic analysis demonstrated that a developer needed approximately four times the number of market rate units compared to the number of affordable units. Specifically, the analysis determined the following economic feasibility percentages:

- 15% low-income
- 5% moderate-income
- 80% market rate



As a result, to meet Capitola’s RHNA requirement for affordable units, the City had to identify more market rate units at the Mall block, so that a future developer could generate enough profit to build the required number of low- and moderate-income homes.

**Certified Housing Element**

The City’s Housing Element was certified on August 30, 2024. The adjustment to include more sites distributed units across more parcels and resulted in the following final distribution of units within the Mall block:

Entire Mall Block	MGP properties
266 low-income	168 low-income
90 moderate-income	58 moderate-income
1,422 market rate	900 market rate
<b>Total: 1,777 units</b>	<b>Total: 1,126*</b>

In summary, the large number of market rate units at the Mall required for project feasibility is the reason the number of units within the Mall block is higher than the RHNA.

**Herlihy, Katie (kherlihy@ci.capitola.ca.us)**

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**From:** Thomas, Xjvirr@HCD <Xjvirr.Thomas@hcd.ca.gov>  
**Sent:** Friday, January 30, 2026 2:14 PM  
**To:** Herlihy, Katie (kherlihy@ci.capitola.ca.us); Heaton, Brian@HCD; McDougall, Paul@HCD  
**Cc:** Ben Noble; Phillips, Eric S.; Herrera, Fidel@HCD  
**Subject:** RE: Technical Complaint Follow-Up

Good Afternoon Katie,

Thank you for the email and for sitting down with us the other day to discuss the City's plans for the Capitola Mall area. After discussing the matter with Brian, Paul, and our Section Chief over Housing Element Implementation (Fidel Herrera), HCD would like to see the following changes/refinements be added to the code amendments that will be presented to your Planning Commission February 5. The following build upon the suggestions made by the City your previous email:

City Suggestion 1: Insert additional references throughout the draft code to emphasize the purpose of the amendments are to facilitate a mixed-use housing development and support for housing (and particularly affordable housing) production consistent with the Housing Element's programs.

- HCD Response Recommendation: In the Land Use Regulation section, clarifying that more certain parameters could be granted for Conditional Use Permit (CUP) submittals for affordable housing projects or projects that consist of majority of residential units. We recognize the need for discretion with such a large and complex property but also suggest adding parameters on the CUP process to promote approval certainty. This could be accomplished via an alternative permit type such as a Minor Use Permit (MUP) or Site Plan Review that provides an applicant more certainty than the existing CUP process. The CUP process could also be refined to provide decision-making parameters such as access, circulation, etc. The idea is to focus the deliberation and not rove into unnecessary areas. If not amenable to this approach, consider other approaches to promote approval certainty in the CUP process. This would demonstrate a predictable and prioritized permitting pathway for residential developments which syncs the City's proposed actions with the commitments made in Program 1.7 of the Housing Element.

City Suggestion 2: Clarify that the "deviation" section of the objective standards is only applicable to projects that are not eligible for or do not seek incentives, concessions, or waivers under the state density bonus law and that a request for a deviation (outside of the state density bonus law context) means that the project is not consistent with applicable, objective standards without concluding that no state streamlining laws are applicable (17.57.040.B).

- HCD Response Recommendation: The City should reconsider the necessity of the provision at 17.57.040(B)(2) altogether. It is redundant (and possibly confusing for applicants and decision makers) to state that a housing development project is not eligible for the benefits and protections of state housing law for which it does not qualify. HCD recommends rephrasing it to a positive, such as, "Requesting a deviation does not limit a housing development project's ability to use the benefits and protections of State housing laws for which it is eligible, including specifically State Density Bonus Law incentives, concessions, and development standard waivers."

City Suggestion 3: To reduce entitlement costs, waive Fiscal Impact Analysis (FIA) requirements for stand-alone 100% affordable housing projects. Consider whether an FIA waiver may also be appropriate for projects that include a minimum threshold of commercial development (17.24.035.E).

- HCD Response Recommendation: Exempting 100% affordable housing projects from the requirement to provide an FIA is a good start. However, HCD recommends that the City reconsider the benefit of requiring FIAs for any 100% residential projects. It's well known that ongoing costs to provide services (e.g., police, fire, etc.) to residential land uses generally exceeds the tax revenue generated by these uses. Without directive language in the municipal code, decisionmakers might inappropriately attempt to reduce residential unit counts in mixed-use projects in an attempt to make the projects revenue neutral (per 17.24.035 (E)(2)(c), which relates to need to "offset any negative fiscal impacts". As you are aware, the Housing Accountability Act strictly limits the ability of a local government to reduce the density of a qualifying housing development project. To best implement Housing Element Implementation Program 1.7, the City should exempt all 100% residential projects from this requirement. The City should also add language stating that anticipated increases in City expenditures generated by residential projects/projects components at buildout cannot be used to justify a reduction in the residential units/residential floor area in a proposed project.

Thank you



**Xjvirr Thomas**

HCD Specialist II

Housing & Community Development

651 Bannon St. | Sacramento, CA 95811

Email: [Xjvirr.Thomas@hcd.ca.gov](mailto:Xjvirr.Thomas@hcd.ca.gov)



**From:** Herlihy, Katie (kherlihy@ci.capitola.ca.us) <kherlihy@ci.capitola.ca.us>

**Sent:** Wednesday, January 28, 2026 10:01 AM

**To:** Thomas, Xjvirr@HCD <Xjvirr.Thomas@hcd.ca.gov>; Heaton, Brian@HCD <Brian.Heaton@hcd.ca.gov>; McDougall, Paul@HCD <Paul.McDougall@hcd.ca.gov>

**Cc:** Ben Noble <bnoble@bnplanning.com>; Phillips, Eric S. <EPhillips@bwslaw.com>

**Subject:** Technical Complaint Follow-Up

Dear Xjvirr, Brian, and Paul,

Thank you again for taking the time to meet with Eric, Ben, and me to walk through the technical complaint HCD received related to the Capitola Mall zoning code amendments. We appreciate the opportunity to discuss your review in detail and appreciate your guidance on paths forward.

As a brief update, the Capitola Planning Commission is scheduled to meet on February 5, 2026, at 6:00 p.m. to review the most recent updates to the zoning code amendments and may make a recommendation to the City Council at that meeting.

In the interest of time and in advance of that discussion, we have put together a list of edits to the draft code that we will incorporate before releasing our next public review draft for the February 5 Planning Commission meeting, which are intended to address the topics discussed during our meeting. These include:

1. Insert additional references throughout the draft code to emphasize the purpose of the amendments are to facilitate a mixed-use housing development and support for housing (and particularly affordable housing) production consistent with the Housing Element's programs.
2. Clarify that the "deviation" section of the objective standards is only applicable to projects that are not eligible for or do not seek incentives, concessions, or waivers under the state density bonus law and that a request for a deviation (outside of the state density bonus law context) means that the project is not consistent with applicable, objective standards without concluding that no state streamlining laws are applicable (17.57.040.B).
3. To reduce entitlement costs, waive Fiscal Impact Analysis (FIA) requirements for stand-alone 100% affordable housing projects. Consider whether an FIA waiver may also be appropriate for projects that include a minimum threshold of commercial development (17.24.035.E).

Please consider these modifications as you determine what further guidance HCD may provide in advance of our Planning Commission hearing.

Thank you again for your time and collaboration. We look forward to continuing to work with you as we move this forward.

Best regards,

Katie Herlihy, AICP  
Community & Economic Development Director

City of Capitola  
420 Capitola Avenue, Capitola, CA 95010  
831.475.7300 ext. 216

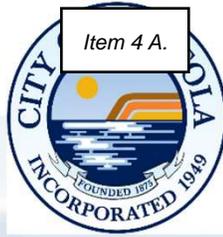




# Capitola Mall Zoning Code Amendments

## City Council

### February 23, 2026





# Presentation Overview

- **Part 1:** Project Background
- **Part 2:** Development Standards
- **Part 3:** Objective Standards



# What is a Housing Element?

Long range plan which identifies:

- Housing Needs
- Housing Constraints
- Goals, Policies, and Objectives
- Housing Programs
- Sites Inventory



# Housing Element Background

- Updated Housing Element adopted 2024
- Housing Element programs require Zoning Code Amendments
- Zoning Code amendments: adopted in 2024
- Residential Multifamily (RM) zone amendments: adopted in September 2025
- Mall Zoning Code amendments: in process



# Housing Element Background

## Capitola Mall Zoning Amendments:

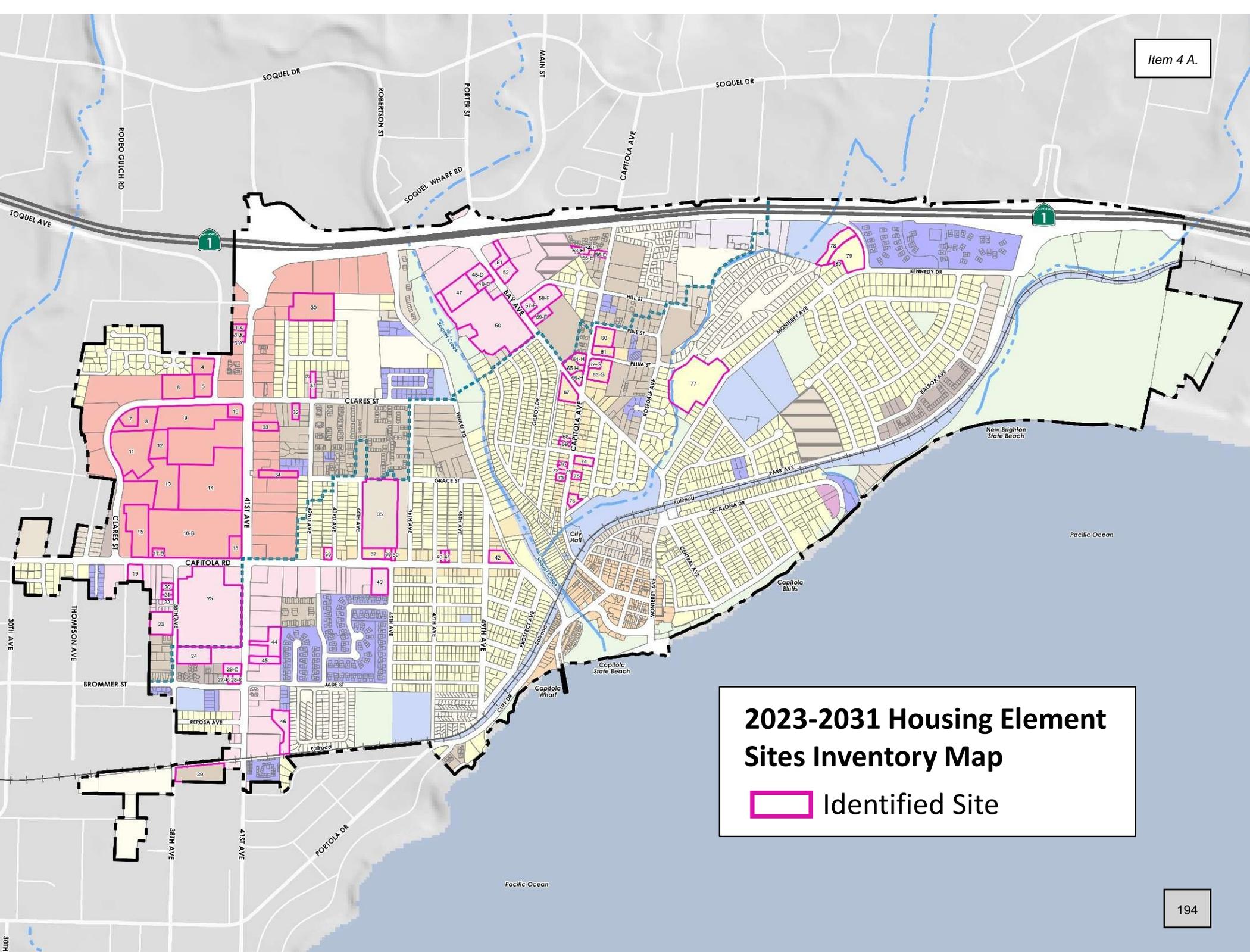
- Align with Housing Element Sites Inventory
- Implement Program 1.7 (Shopping/Commercial Center Redevelopment)



# Housing Element Sites Inventory

- The Housing Element must identify adequate sites to accommodate regional housing needs allocation (RHNA) for 8-year planning period
- Capitola’s 2023-2031 RHNA:

Income Level	Percent of Area Median Income	RHNA	
		Units	Percent
Extremely Low	Up to 30%	215	16%
Very Low	31% to 50%	215	16%
Low	51% to 80%	282	21%
Moderate	81% to 120%	169	14%
Above Moderate	More than 120%	455	34%
<b>Total</b>	-	<b>1,336</b>	-



**2023-2031 Housing Element  
Sites Inventory Map**  
Identified Site



# Housing Element Sites Inventory

## Sites Inventory

<b>Location</b>	<b>Housing Units</b>
Entire Block	1,777
MGP Properties	1,126

How did we get here?



# Housing Element Sites Inventory

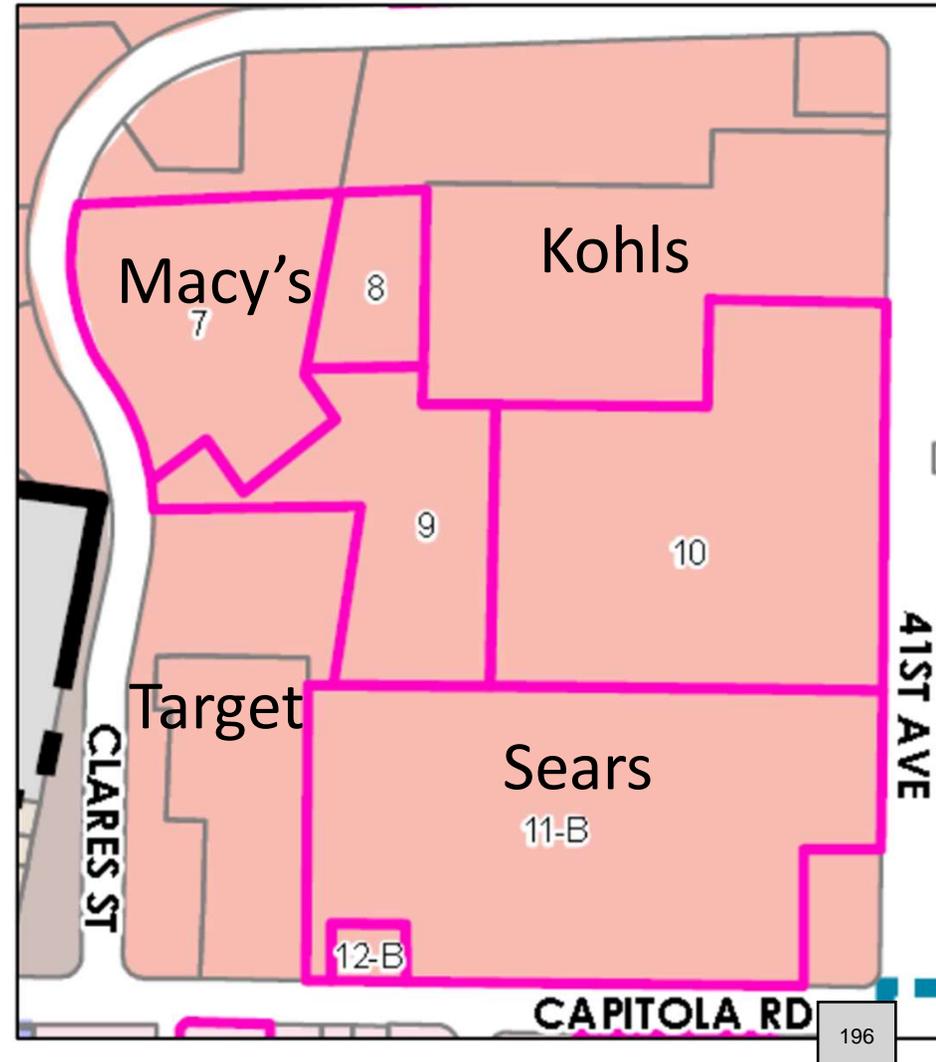
## First Draft of Housing Element

### Mall Block

6 sites total

(5 of 6 Merlone Geier Partners)

Low	Mod	Market Rate	Total
368	109	257	734



# Housing Element Sites Inventory

## First Draft of Housing Element

### Mall Block

6 sites total

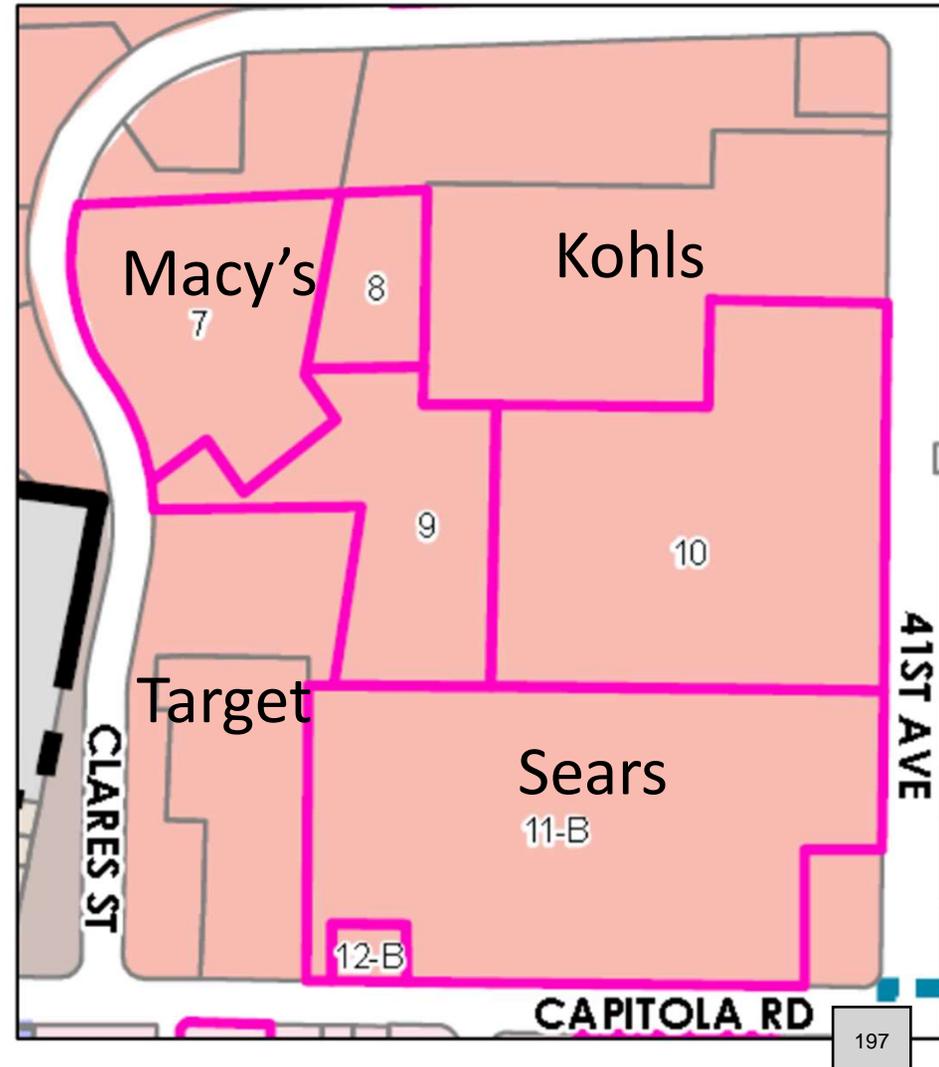
5 of 6 (Merlone Geier Partners)

Low	Mod	Market Rate	Total
368	109	257	734

65%

35%

Not Financially Feasible





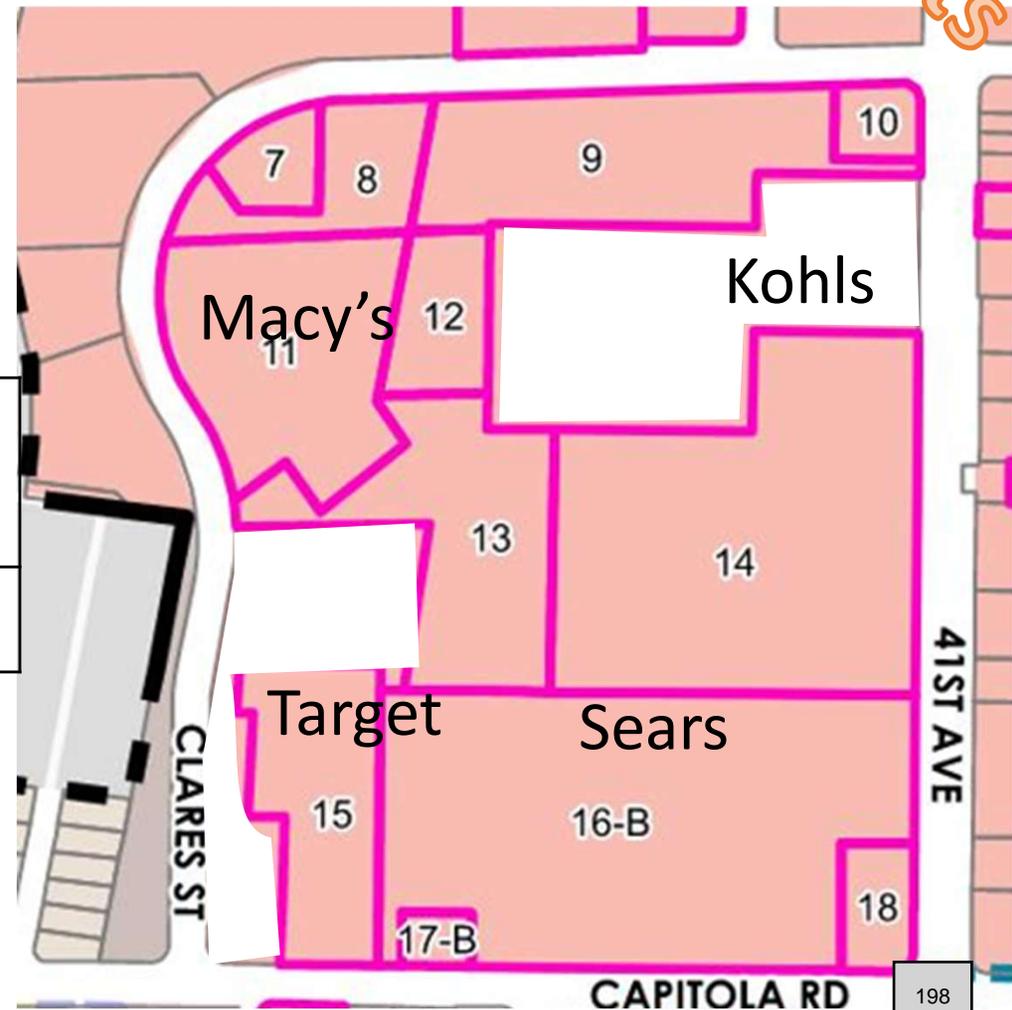
# Capitola MALL update

*Requirements*

## Certified Housing Element

### Mall Block

10 out of 12 sites included  
 5 of 10 (Merlone Geier Partners)



Low	Mod	Market Rate	Total
266	90	1,422	1,777





# Housing Element Programs 1.6 & 1.7

1. Develop land use policies to facilitate shopping center redevelopment with a strong sense of urban design cohesion
2. Establishes Capitola Mall as all properties between Clares St, 41st Ave, and Capitola Rd.
3. Building height up to 75 feet for Mall Redevelopment
4. Define “Mall Redevelopment” to mean a mix of uses including residential and retail/commercial components
5. Exclude parking garages from project FAR calculations
6. Adopt objective development standards to facilitate mall redevelopment

# State Housing Laws

## By-Right Approvals

- SB 35 (2017)
- AB 2011 and SB 6 (2023)
- Builder's Remedy

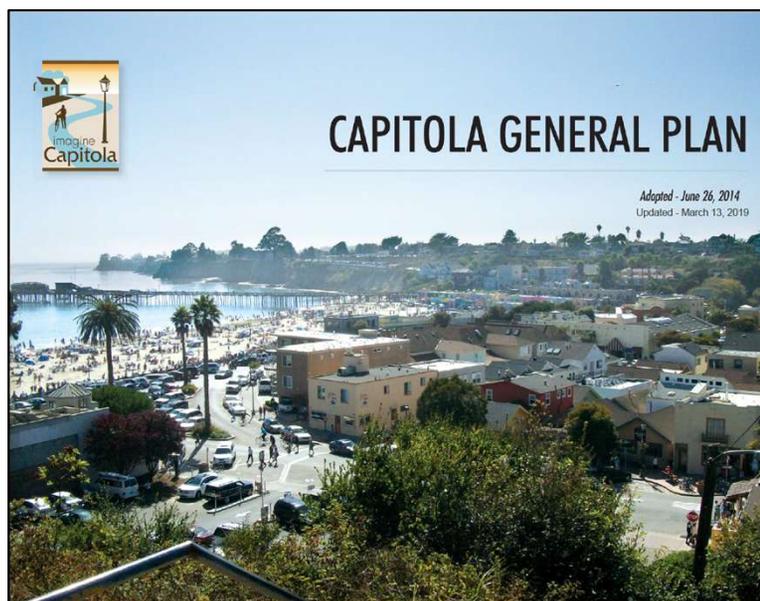
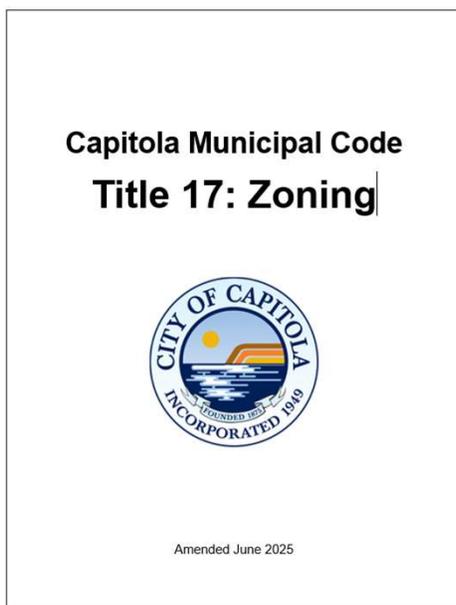
## Other Limitations

- Housing Accountability Act
- Housing Crisis Act (SB 330, 2019)



# Current Amendments

- Municipal Code Title 17: Zoning Code
- General Plan Land Use Element





# Meetings & Public Outreach

2025

2026

- October 23 City Council reviews workplan
- September 11 City Council adopts modified streamlined workplan
- October 2 Planning Commission (PC) Work Session
- October 8 Community Meeting
- Oct & Nov Stakeholder Meetings
- October 30 PC Work Session
- Nov 19 PC Work Session – Partial draft
- December 4 PC 1st Draft
- February 5 PC 2nd Draft – Recommend to CC
- February 23 City Council (CC) 1<sup>st</sup> Draft



# HCD Technical Assistance

- January 13 – HCD contact staff re Technical Assistance request
- January 27 – Staff meets with HCD
- January 30 – HCD letter: 3 items of concern
  1. Clarify parameters of Conditional Use Permit
  2. Redundancy between deviations and state law
  3. Fiscal Impact Analysis
- February 3, 2026 – PC amendments to address HCD item
- February 19, 2026 – Staff meets w HCD. No outstanding issues



# General Plan Amendment

## Land Use Element Amendment

- Mall property has maximum FAR of 2.0 for residential and mixed-use development in compliance with objective standards.



# Presentation Part 2

- Capitola Mall New Development Standard

Height

Floor Area

Parking

Density

Land Use

Inclusionary Housing

Development Tiers

Fiscal Impact Analysis

Permits

# Zoning Code Amendments

## Existing

- **Chapter 17.24:** Commercial and Industrial Zoning Districts
- **Chapter 17.76:** Parking and Loading
- **Chapter 17.82:** Objective Standards for Multifamily and Mixed-use Residential Development
- **Chapter 17.88:** Incentives for Community Benefits

## New

- **Chapter 17.57:** Objective Design Standards for Mall Redevelopment



# 17.24.35 Capitola Mall Redevelopment Definitions

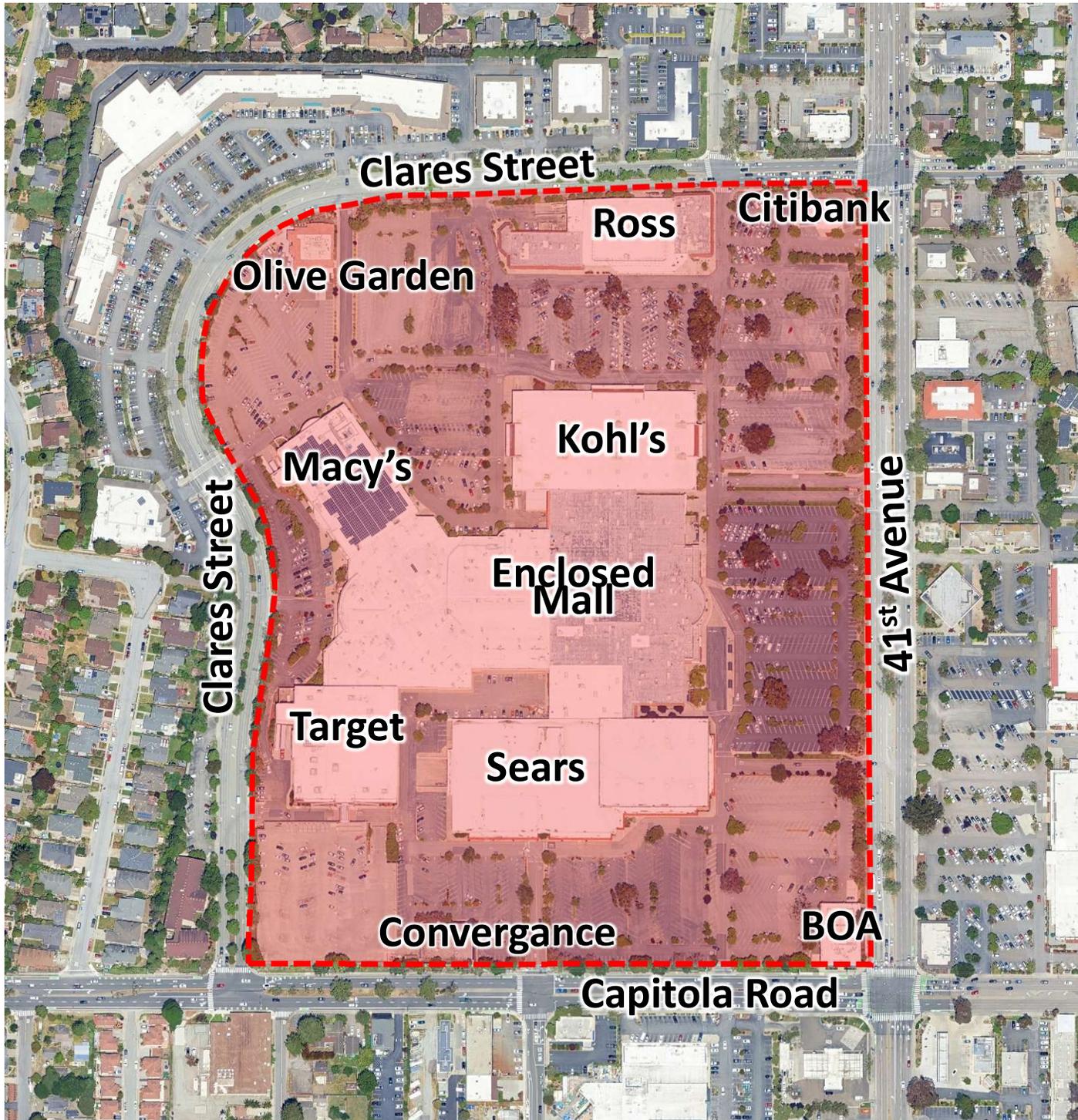
Capitola Mall Property

Capitola Mall Housing Element Site

Perimeter Zone

Core Area

Tier 1, 2, and 3 Projects

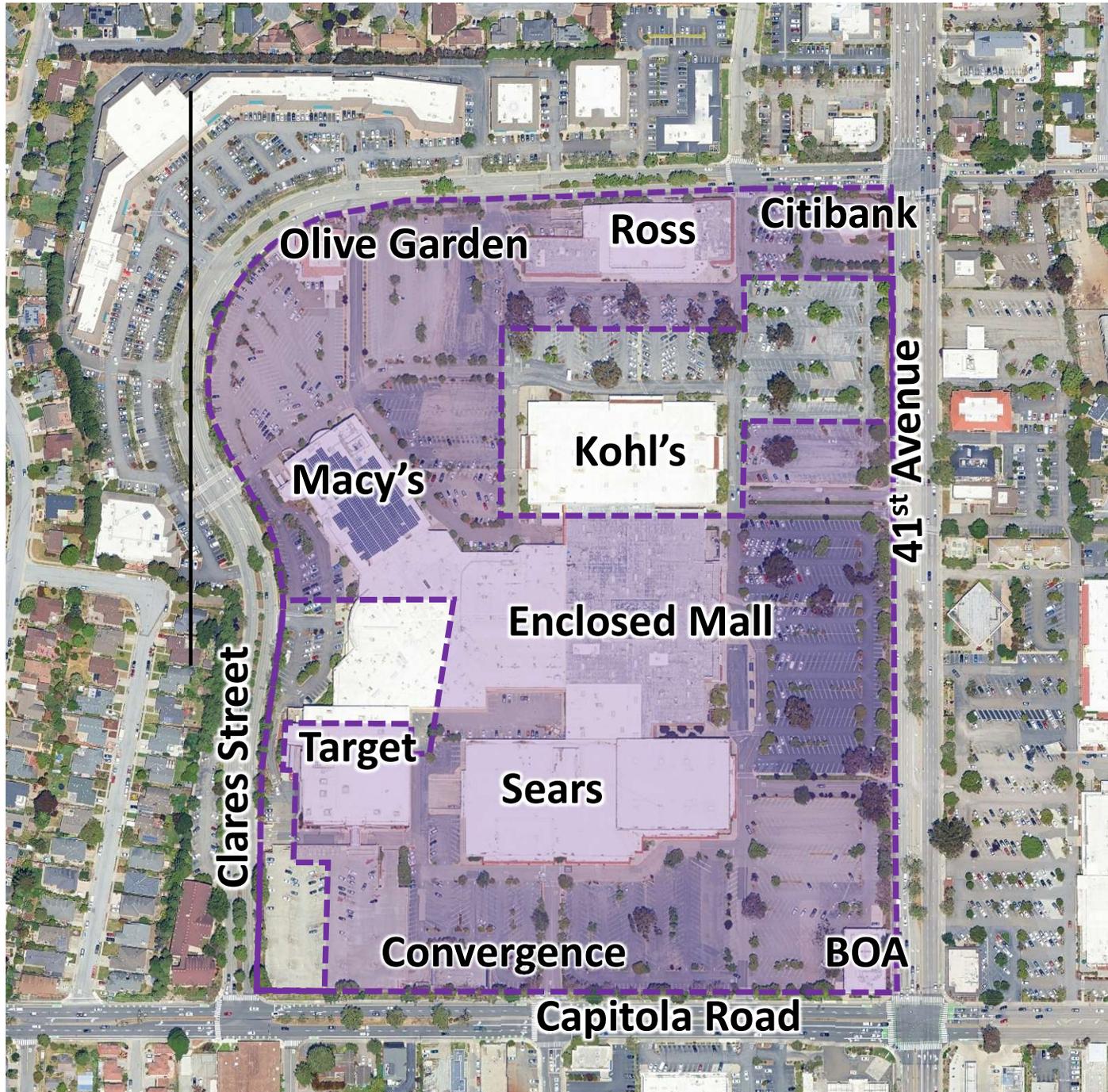


# Capitola Mall Properties

Area bound by 41<sup>st</sup> Avenue, Capitola Road, and Clares Street

Capitola Mall Objective Standards apply to all Capitola Mall properties

46 Acres



## Capitola Mall Housing Element Sites

Subject to:

- New Development standards
- New Land use regs
- New Objective Standards

37 acres  
1,777 units

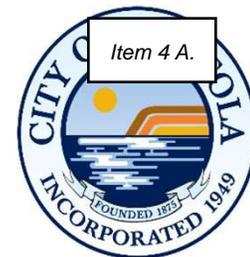


## Non-Housing Element Sites

Subject to:

- Existing Regional Commercial (CR) Development Standards
- Existing CR Land Use Regs
- New Objective Standards

9 acres  
180 units



# Mall Redevelopment Tiers

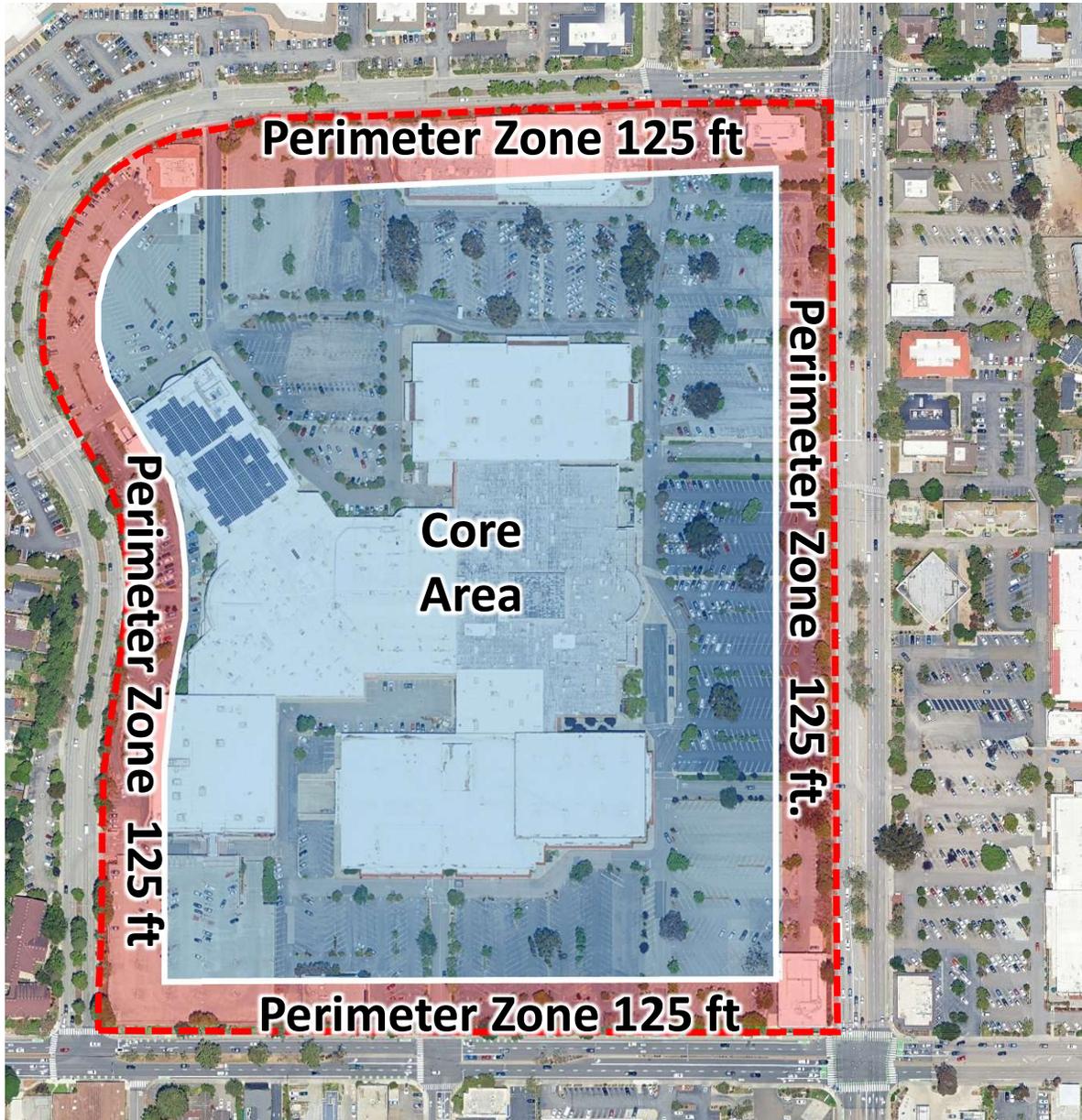
Planning Commission Feb 5 Recommendation	
Tier 1: Height 75 ft. Density 48 du/ac	
Affordable Housing	20%
Tier 2: Height 75 ft. Density 48 du/ac	
Affordable Housing	20%
Hotel Rooms	85
Meeting Space	3,000
Commercial	30,000
Tier 3: Height 85 ft. Density 53 du/ac	
Affordable Housing	20%
Option 3A: Hotel Rooms	125
Meeting Space	4,000
Commercial	40,000
Option 3B: 100% Commercial	200,000



# Density

	Tier 1	Tier 2	Tier 3
Density			
Minimum	20 du/ac	20 du/ac	20 du/ac
Maximum	48 du/ac	48 du/ac	53 du/ac

# Maximum Height



Item 4 A.  
**Perimeter Zone.**  
125 feet from  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares St



# Maximum Height

	Tier 1	Tier 2	Tier 3
Height			
Perimeter Zone	55 ft	65 ft*	65 ft*
Core Zone	75 ft	75 ft*	85 ft

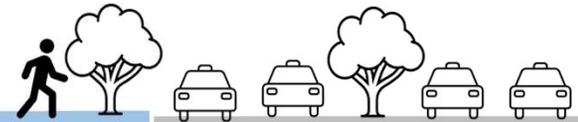
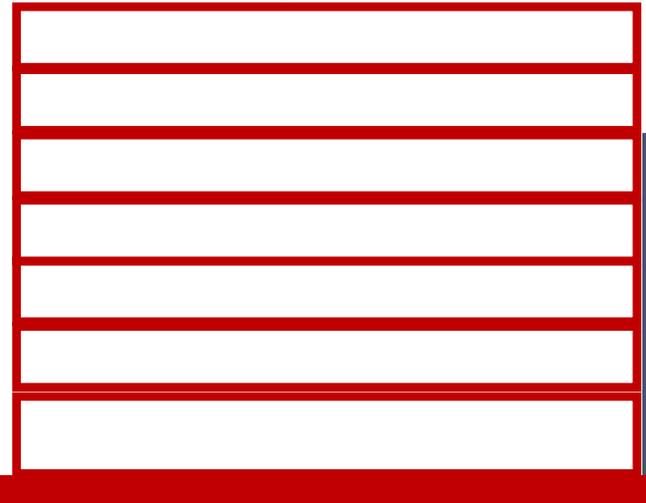
\*85 feet allowed for Hotel in Perimeter Zone

# Maximum Building Height Tier 1 & 2

**Perimeter Zone** Item 4 A.  
125 feet from  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares St

Max Height 75 feet

Max Height 55 feet



**Core Zone**

**Perimeter Zone 125 ft**

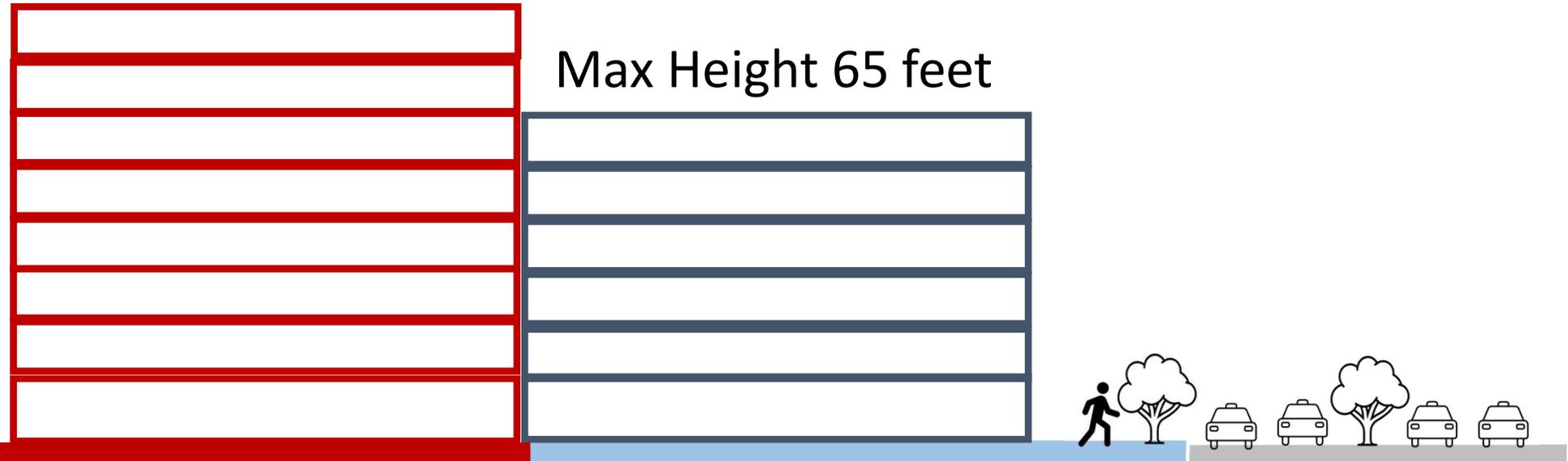
**Perimeter Street**  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares Street

# Maximum Building Height Tier 3

**Perimeter Zone** Item 4 A.  
125 feet from  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares St

Max Height 85 feet

Max Height 65 feet



**Core Zone**

**Perimeter Zone 125 ft**

**Perimeter Street**  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares Street

# Maximum Building Height Tier 3

**Perimeter Zone** Item 4 A.  
125 feet from  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares St

Max Height 85 feet

Max Height 65 feet

Building Frontage Zone  
20 feet



**Core Zone**

**Perimeter Zone 125 ft**

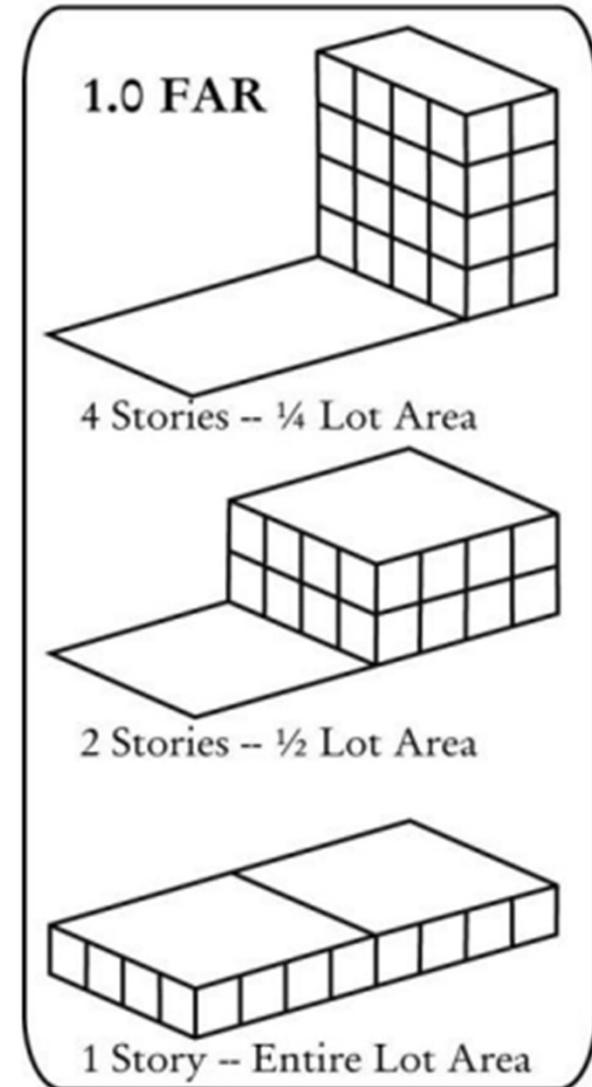
**Perimeter Street**  
41<sup>st</sup> Avenue  
Capitola Rd  
Clares Street

# Floor Area

Floor Area Ratio is the ratio of gross building square permitted on a lot to the gross square footage of the lot.

## Floor Area Exceptions

- a. All structured parking and hotels
- b. Tier 2 and Tier 3: Rooftop decks





# Floor Area Ratio

	Tier 1	Tier 2	Tier 3
Floor Area Ratio	2.0	2.0	2.0



# Open Space

	Tier 1	Tier 2	Tier 3
Open Space	5%	2.5 %	2.5 %

3,000 sf minimum size to count toward open space requirement

# Esplanade Park, Capitola: 9,250 sq. ft.

Item 4 A.





# Parking

Tier 1: Chapter 17.75 – Parking and Loading

Tier 2 & 3: Mall Mixed Use Parking Requirements

Unit Size	Minimum Space per Unit
Studio	0.8
1 bedroom	1.0
2 bedroom	1.6
3 bedroom	2.0



# Inclusionary Housing Requirement

20 % Inclusionary Housing Required

- 15% deed restricted lower income
- 5 % moderate income

Must provide either:

- Onsite Affordable Units
- Dedicated Land ←

Land dedicated to City  
or housing developer  
approved by City.

In-lieu Payment Not Allowed



# Development Standards

	Tier 1	Tier 2	Tier 3
Density Units per Acre	20 min 48 max	20 min 48 max	20 min 53 max
Floor Area Ratio	2.0	2.0	2.0
Height			
Perimeter Zone	55 ft	65 ft*	65 ft*
Core Zone	75 ft	75 ft*	85 ft
Open Space	5%	2.5 %	2.5 %
Density			
Minimum	20 du/ac	20 du/ac	20 du/ac
Maximum	48 du/ac	48 du/ac	53 du/ac

\*85 feet allowed for Hotel in Perimeter Zone



# Permitted Land Uses

Tier 2 & 3: Following Land Uses are Permitted Uses:



Hotels



Retail Uses



Eating and Drinking Establishments



Commercial Entertainment



Cultural Institutions



Public Safety





# Permit Application and Review





# Part 3: Objective Design Standards



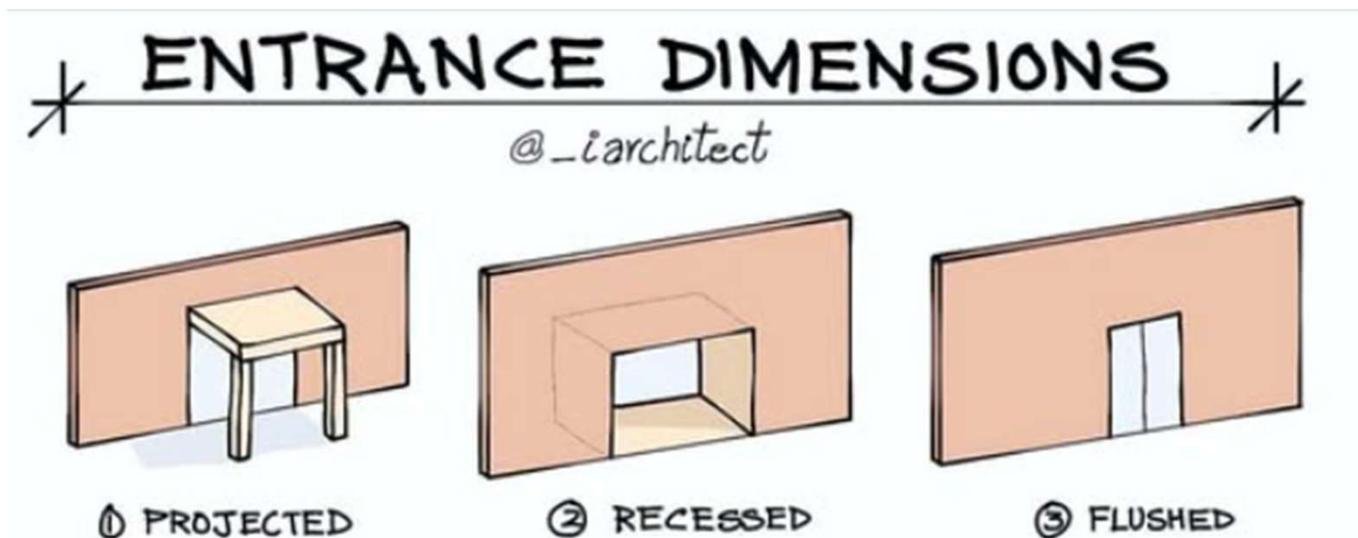
# Objective Design Standards

- Standards to review development projects without personal or subjective judgment.
- Clear, measurable rules project must comply with:
  - Height limits, setbacks, design features, open space, landscaping, etc.
- Provides certainty in review for developer.

# Objective Design Standards

**Subjective Example:** The new development must compliment the neighborhood's architectural style.

**Objective Example:** A commercial building entryway must project or be recessed five feet from the front façade of the building.





# Expected Development Types

## **Merlone Geier properties:**

- 6-8 story mid-rise apartment buildings

## **Other properties (less certain):**

- Apartments
- Residential Mixed Use
- Townhomes
- Stand-alone commercial

# Objective Design Considerations



Streets and Circulation



Publicly Accessible Open space



Parking and Vehicle Access



Building Placement & Orientation



Building massing



Façade Design



Other Site Features

# Streets and Circulation

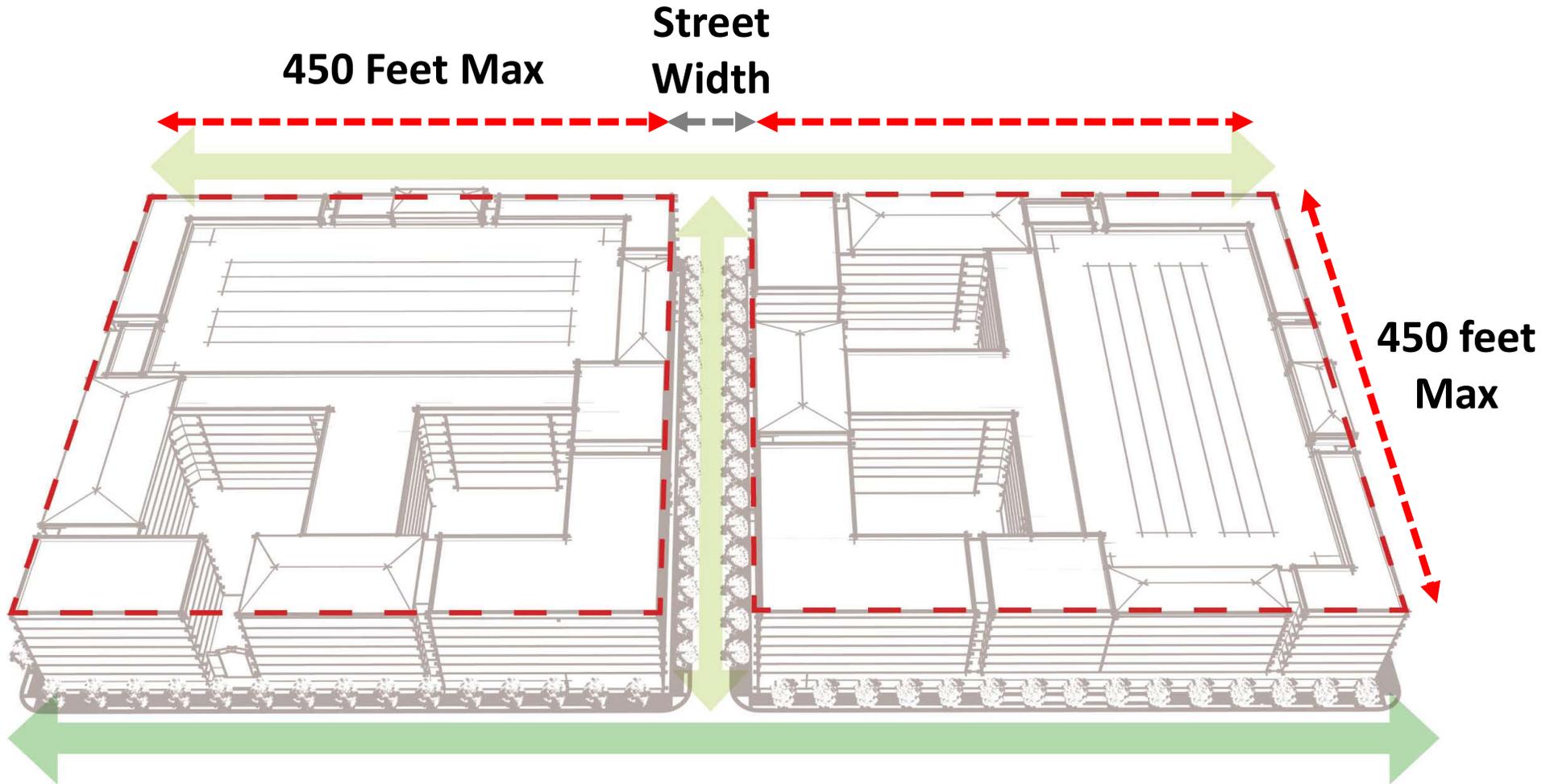
- New internal streets privately owned and maintained.
- Required locations for new streets intersecting Capitola Road, Clares Street, and 41st Avenue.
- Internal streets connections between perimeter streets.
- Maximum 450 feet block lengths.
- Required internal pedestrian and bicycle circulation system.
- Required perimeter and internal street pedestrian realm frontage improvements.

# Required locations for new streets intersecting Capitola Road, Clares Street, and 41st Avenue

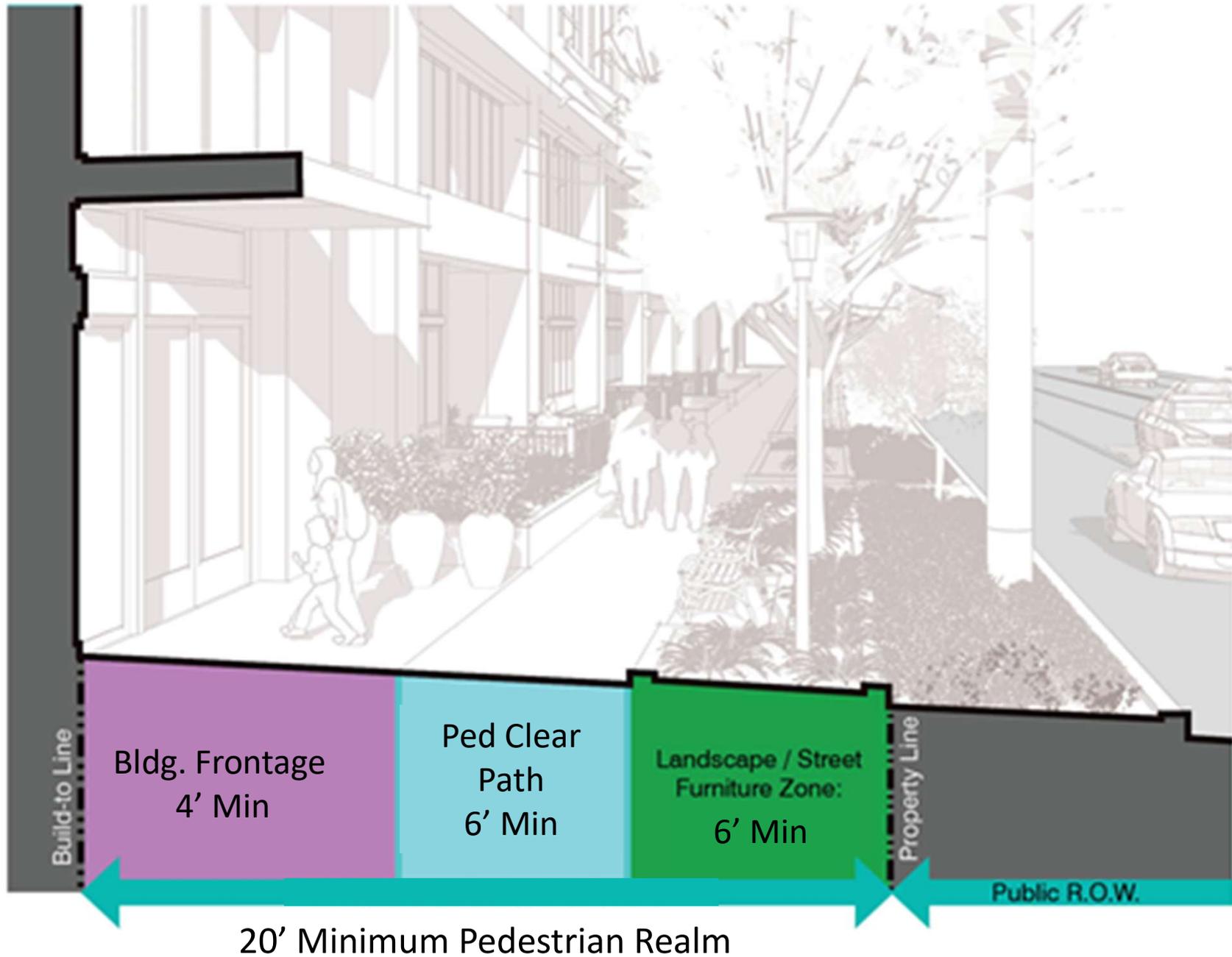




# Maximum Block Length: 450 feet



# Perimeter Street Frontage



# Internal Street Frontage



# Publicly Accessible Open Space

---

Minimum amount of open space:  
2.5 percent of site area for Tier 2  
and Tier 3 projects and 5 percent  
of site area for Tier 1 projects.

---

Permitted types of open space:  
plazas, squares, parks, parklets,  
paseos/pedestrian paths.

---

Required central gathering place  
for projects on a site greater than  
10 acres

# Parking and Vehicle Access

---

New surface parking prohibited between buildings and internal streets (excluding hotels)

---

Allow continued use of existing surface parking lots.

---

Limitations on width and frequency of driveways crossing an internal sidewalk.

---

Disallowed street-facing garage doors serving individual units.

---

Structured parking concealed from view.

# Building Placement and Orientation

---

Required building setbacks consistent with pedestrian realm standards for internal and perimeter streets.

---

Permitted upper-level building projections into required setbacks and frontage zones.

---

Required entries facing an adjacent street, publicly accessible pathway, or publicly accessible open space.

# Building Massing

---

Maximum building length:  
450 feet.

---

Required building massing  
breaks for buildings longer  
than 260 feet.

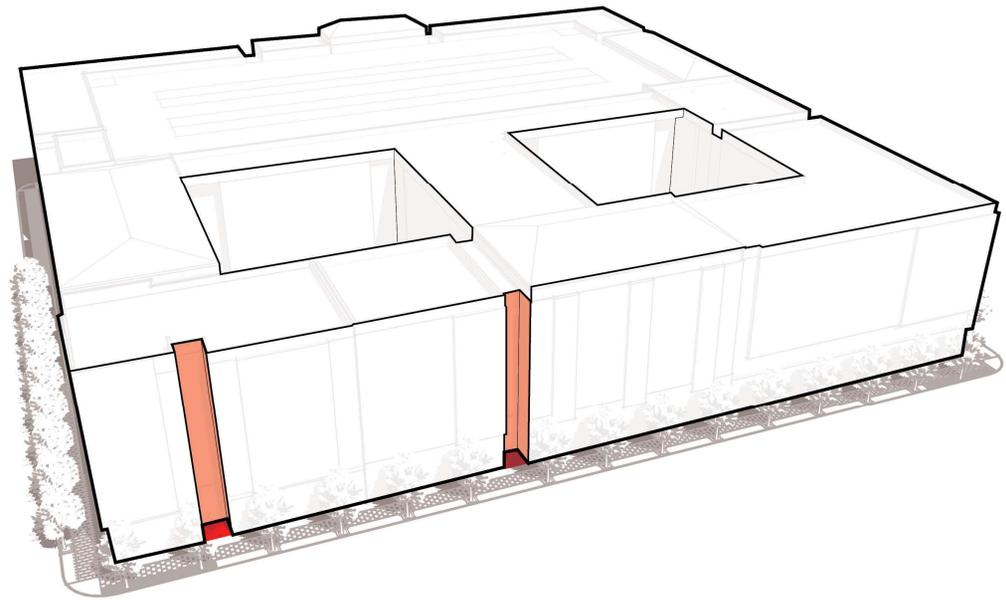
---

Reduced building heights  
along perimeter streets  
(standard in Chapter 17.24)

# Building Massing

---

Required 12 inch x 12  
**inch** building massing  
breaks for buildings  
longer than 260 feet

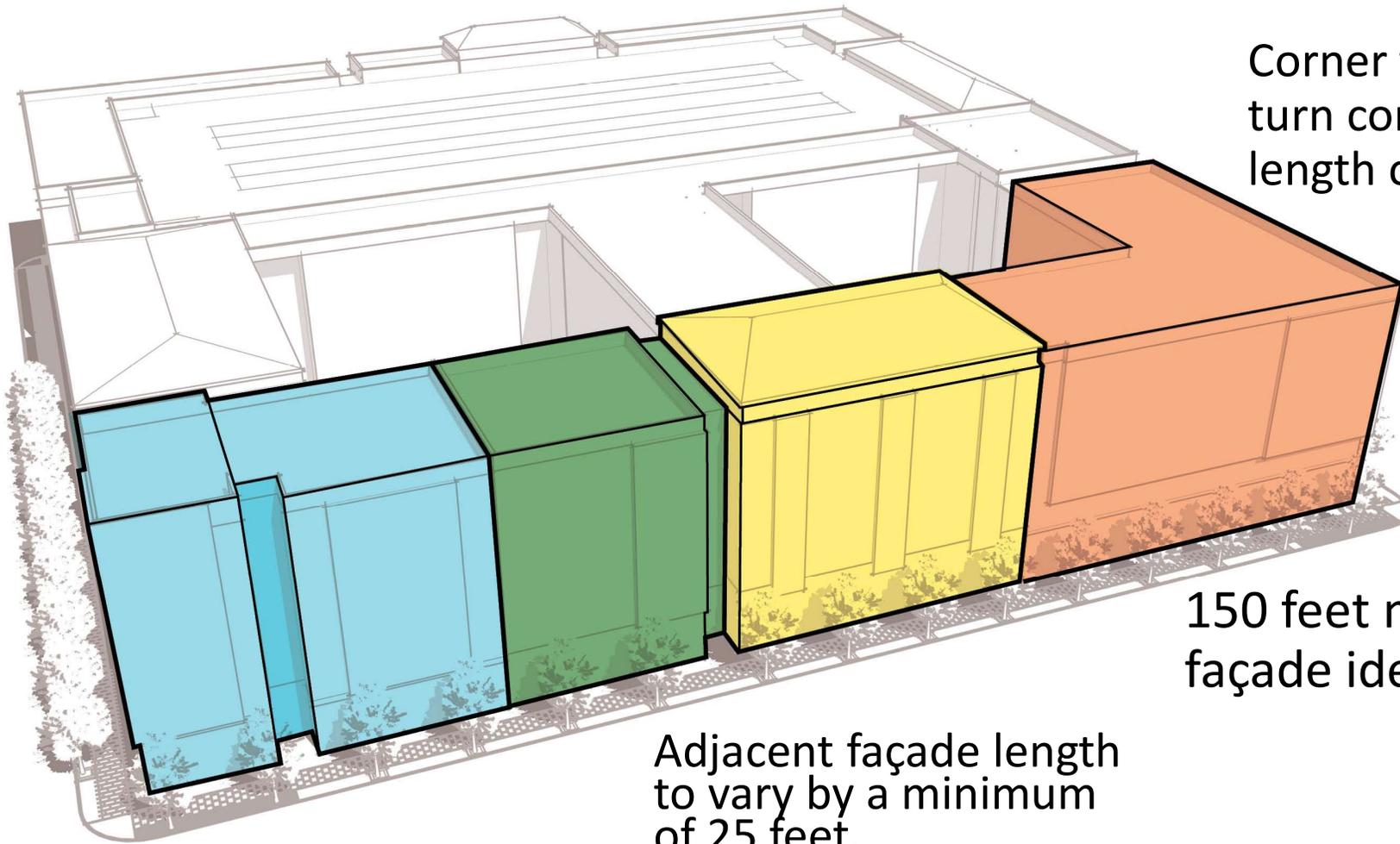


# Façade Design

- Required unique facade identities for building longer than 150 feet.
- Residential ground-floor design standards: transparency, finished floor level, entry design.
- Commercial ground-floor design standards: ground-floor height, transparency, blank wall length, tenant space depth.
- Hotel standard: Minimum one facade must front a street with no surface parking between facade and sidewalk.



# Unique Façade Identities



Corner façades must turn corner a minimum length of 40 feet.

150 feet maximum façade identity length

Adjacent façade length to vary by a minimum of 25 feet.

Unique façade: Different exterior material, contrasting color, distinct window pattern, distinct modulation patterns, varied roof and height, unique ground floor

# Residential Frontages

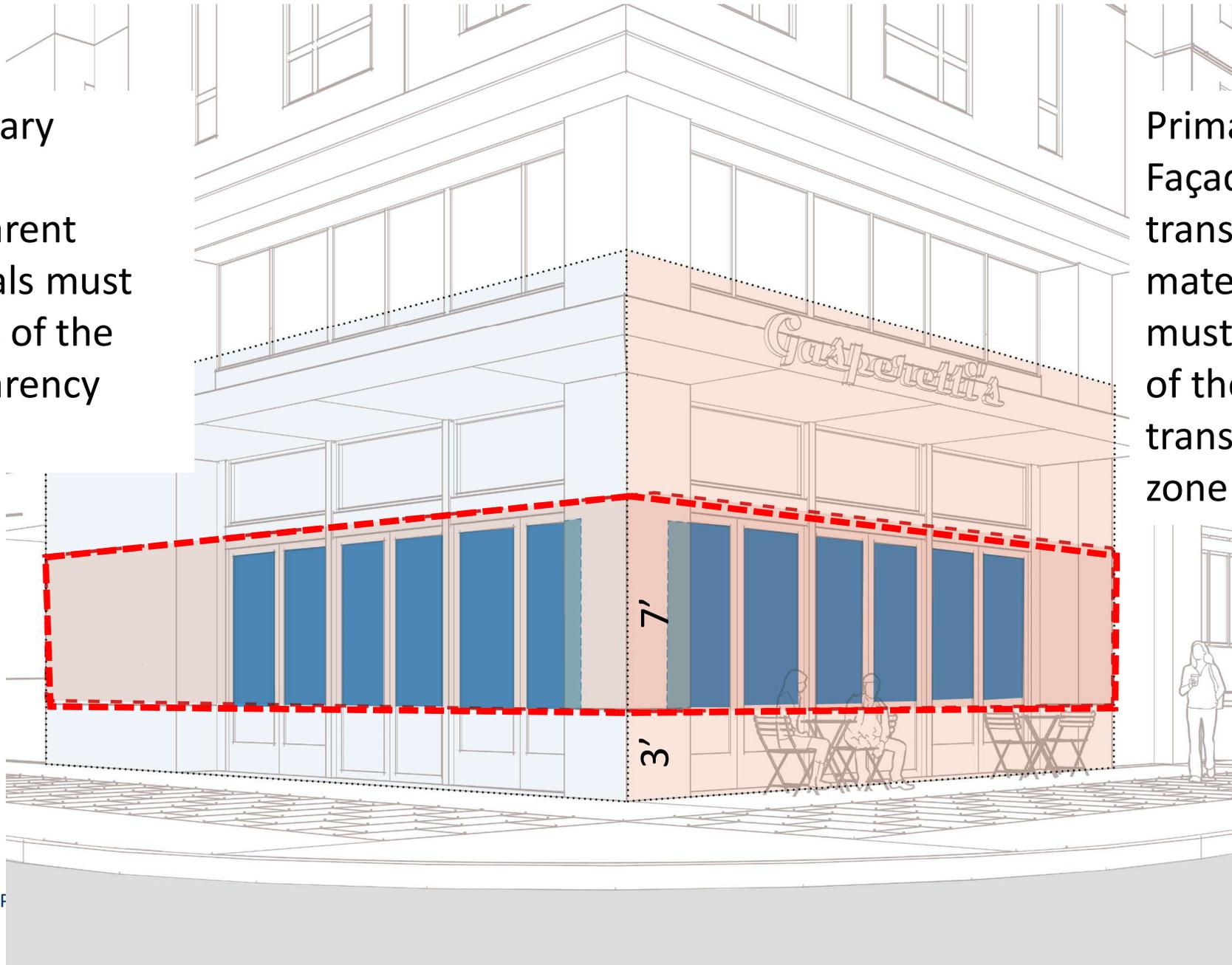


# Commercial Frontages



Secondary  
Facade  
transparent  
materials must  
be 40% of the  
transparency  
zone

Primary  
Façade  
transparent  
materials  
must be 65%  
of the  
transparency  
zone





# Other Site Features

- Refuse storage and collection areas and ground-mounted mechanical equipment screened from view.



# Fiscal Impact Analysis \$

Estimates incremental change to City revenues and expenditures generated by development application

Tool for City to understand impacts and plan mitigation to offset any projected negative fiscal impact

100% Affordable Developments exempt from FIA

Cannot be used as basis to deny or reduce density



# Why is the City requiring Fiscal Impact Analysis?

- Mall located in Regional Commercial Zone
- Housing units add revenue but overall are additional cost to City
- Fiscal Impact Analysis prepared in 2019 for prior redevelopment proposal

## Taxes:

Property Tax: 1% of assessed value, of which City receives 7.47 %

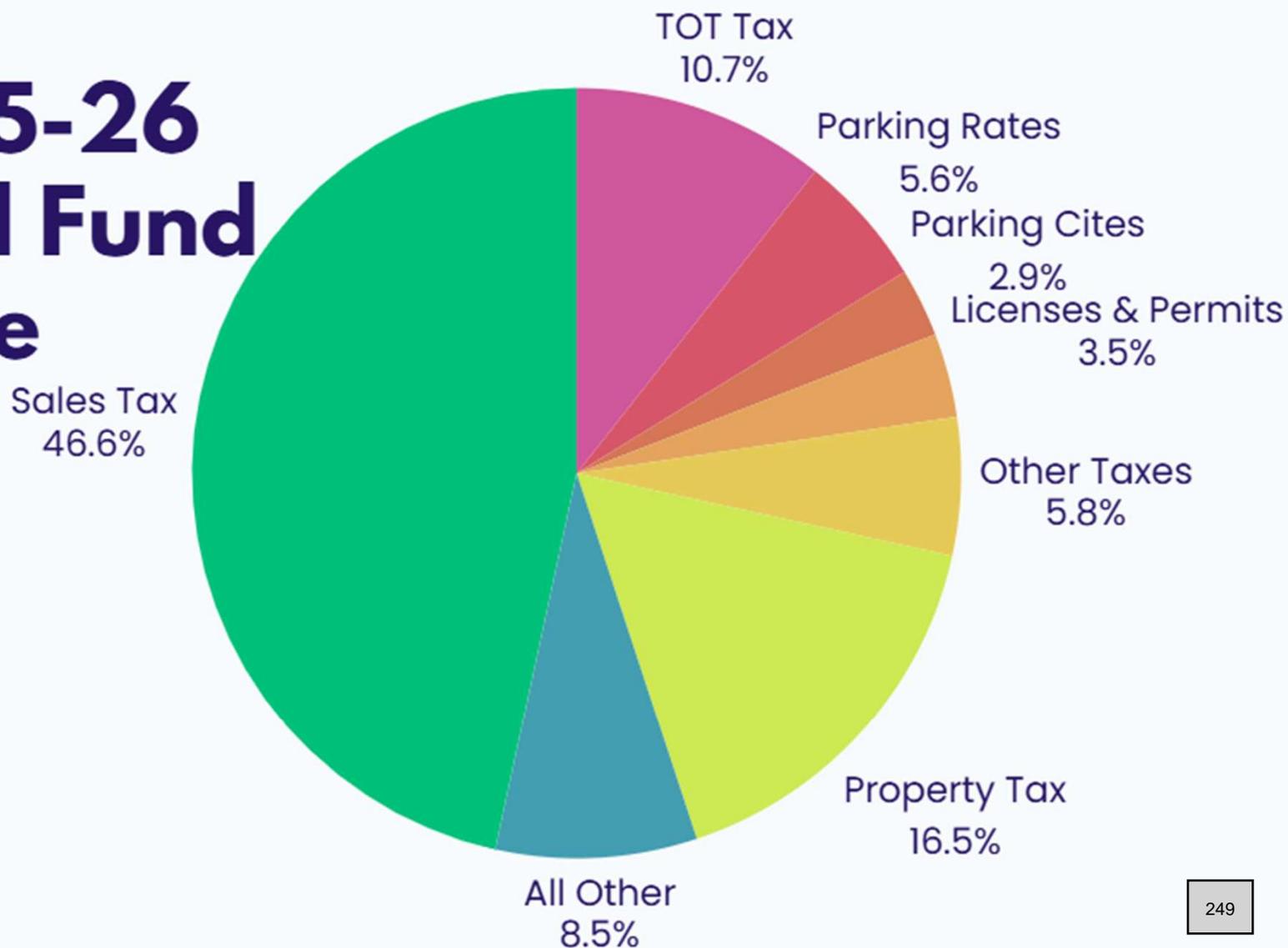
Sales Tax: 9.25%, of which City receives 1.75%

Hotel Transient Occupancy Tax (TOT): 12%, of which City receives 100%

# Why is City Considering Fiscal Impacts?



## FY 2025-26 General Fund Revenue





# Fiscal Analysis

	Redevelopment Scenarios			
	Tier 1	Tier 2	Tier 3A	Tier 3B
<b>Development Assumptions</b>	48 du/ac	48 du/ac	53 du/ac	53 du/ac
New Units	1,256	1,256	1,326	1,326
Specialty Retail	0	30,000 sf	40,000 sf	40,000 sf
General Retail	0	0	0	160,000 sf
New Hotel	0	85 rooms	125 rooms	0
Meeting Space	0	3,000 sf	4,000 sf	0
<b>Fiscal Impact</b>				
Annual Cost - Adjusted Kosmont	\$1,225,509	\$1,225,509	\$1,293,810	\$1,293,365
Annual Revenue Increase	\$448,840	\$1,496,277	\$1,981,392	\$2,053,580
Projected Net Impact	\$(776,669)	\$270,768	\$687,583	\$760,215



# Fiscal Analysis: Tier 2

- Mall Revenue

Sales Tax, TOT, Property Tax, Motor Vehicle In Lieu, Gas Tax, Secondary Economics, etc.

New Revenue	1,966,830
- <u>Lost Existing Revenue</u>	- 470,552
Net Revenue	\$1,496,277

- Mall Expenditures

2019 cost per person (\$785) with decrease demand for Police and Public Works, adjusted for inflation

2019 FIA (Kosmont) Cost:	\$785
Less 50% Police & 75% Public Works:	\$504
Plus 29% Inflation	
<u>2026 Updated Cost</u>	<u>\$650:</u>
	\$1,225,509

- Net Fiscal Impact

1,496,277
- <u>1,225,509</u>
\$270,768

# Capitola Mall Retail and Hotel Market Overview

Kevin Engstrom & Ryan Koyanagi  
Keyser Marsten and Associates

**City of  
Capitola**

Capitola Mall -  
Retail & Hotel  
Market  
Overview



**KEYSER MARSTON  
ASSOCIATES**



# Additional Amendments:

- 1) Incorporate Setback for Street Frontage Improvements (Perimeter Street 20', Internal Streets 16') into development standards table 17.24-6.

**Table 17.24-6: Mall Redevelopment Development Standards**

	<u>Tier 1 Projects</u>	<u>Tier 2 Mixed-Use Projects</u>	<u>Tier 3 Mixed-Use Projects</u>
<u>Floor Area Ratio</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<u>Height, Maximum</u>			
<u>Perimeter Zone</u>	<u>55 ft.</u>	<u>65 ft. [1]</u>	<u>65 ft. [1]</u>
<u>Core Zone</u>	<u>75 ft.</u>	<u>75 ft.</u>	<u>85 ft.</u>
<u>Open Space</u>	<u>5% of site area [2]</u>	<u>2.5% of site area [2]</u>	<u>2.5% of site area [2]</u>
<u>Density</u>			
<u>Minimum</u>	<u>20 du/ac</u>	<u>20 du/ac</u>	<u>20 du/ac</u>
<u>Maximum [3]</u>	<u>48 du/ac</u>	<u>48 du/ac</u>	<u>53 du/ac</u>
<u>Setbacks</u>	<u>See Chapter 17.57</u>	<u>See Chapter 17.57</u>	<u>See Chapter 17.57</u>

# Additional Amendments:

## 2) Apply 85' Height Exception for Hotel to Tier 2 Core Zone.

	Tier 1	Tier 2	Tier 3
Density Units per Acre	20 min 48 max	20 min 48 max	20 min 53 max
Floor Area Ratio	2.0	2.0	2.0
Height			
Perimeter Zone	55 ft	65 ft*	65 ft*
Core Zone	75 ft	75 ft*	85 ft
Open Space	5%	2.5 %	2.5 %
Density			
Minimum	20 du/ac	20 du/ac	20 du/ac
Maximum	48 du/ac	48 du/ac	53 du/ac

## Staff Recommendation:

- 1) Adopt a resolution amending the General Plan Land Use Element;
- 2) Introduce for first reading, by title only, waiving further reading, an ordinance amending Capitola Municipal Code Title 17: Zoning with additional amendments as presented by staff; and
- 3) Adopt a resolution authorizing submittal to the California Coastal Commission for the certification of an amendment to the Local Coastal Program.

# City of Capitola a

Capitola  
Mall -  
Retail &  
Hotel  
Market  
Overview

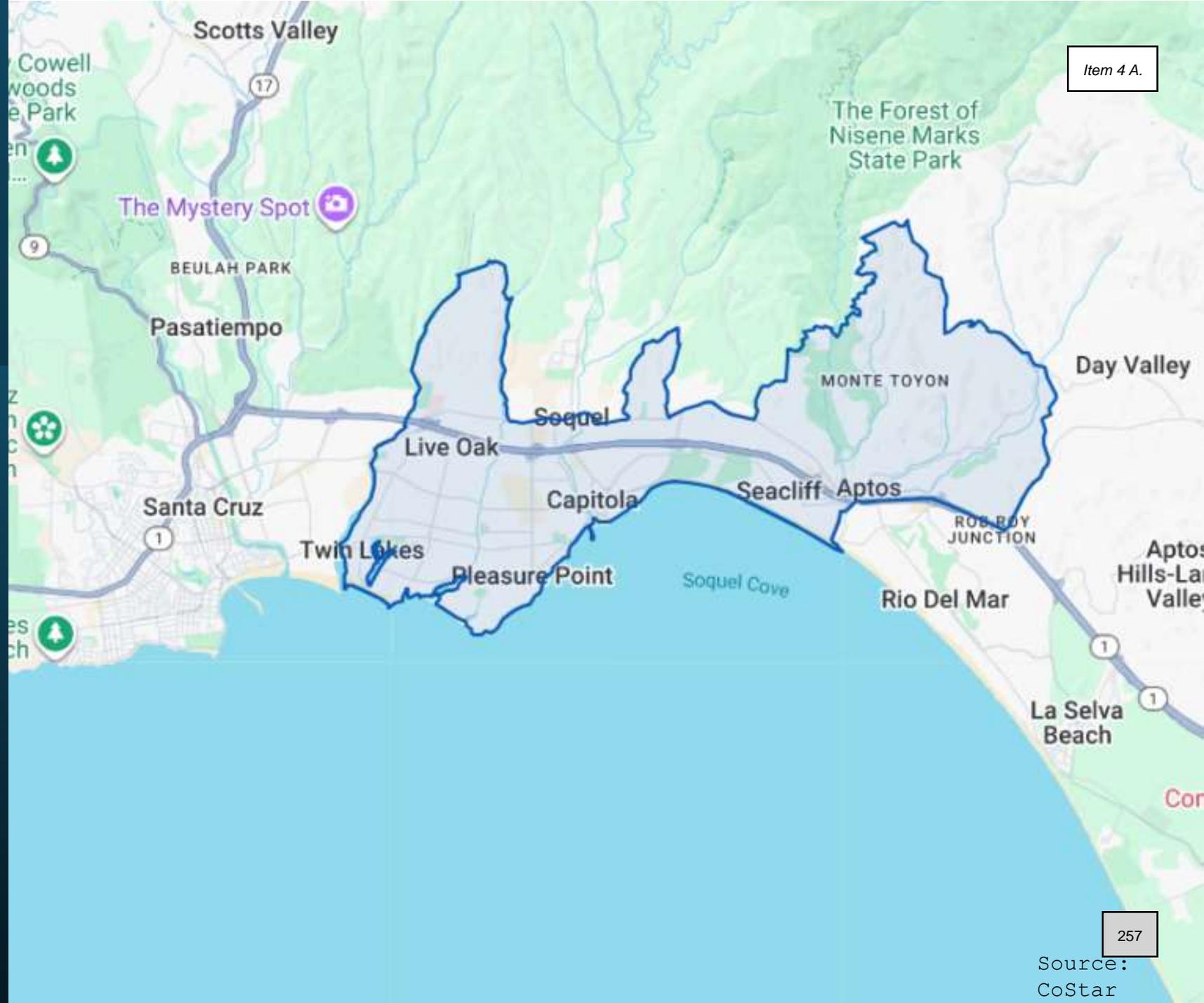


**KEYSER MARSTON**  
ASSOCIATES

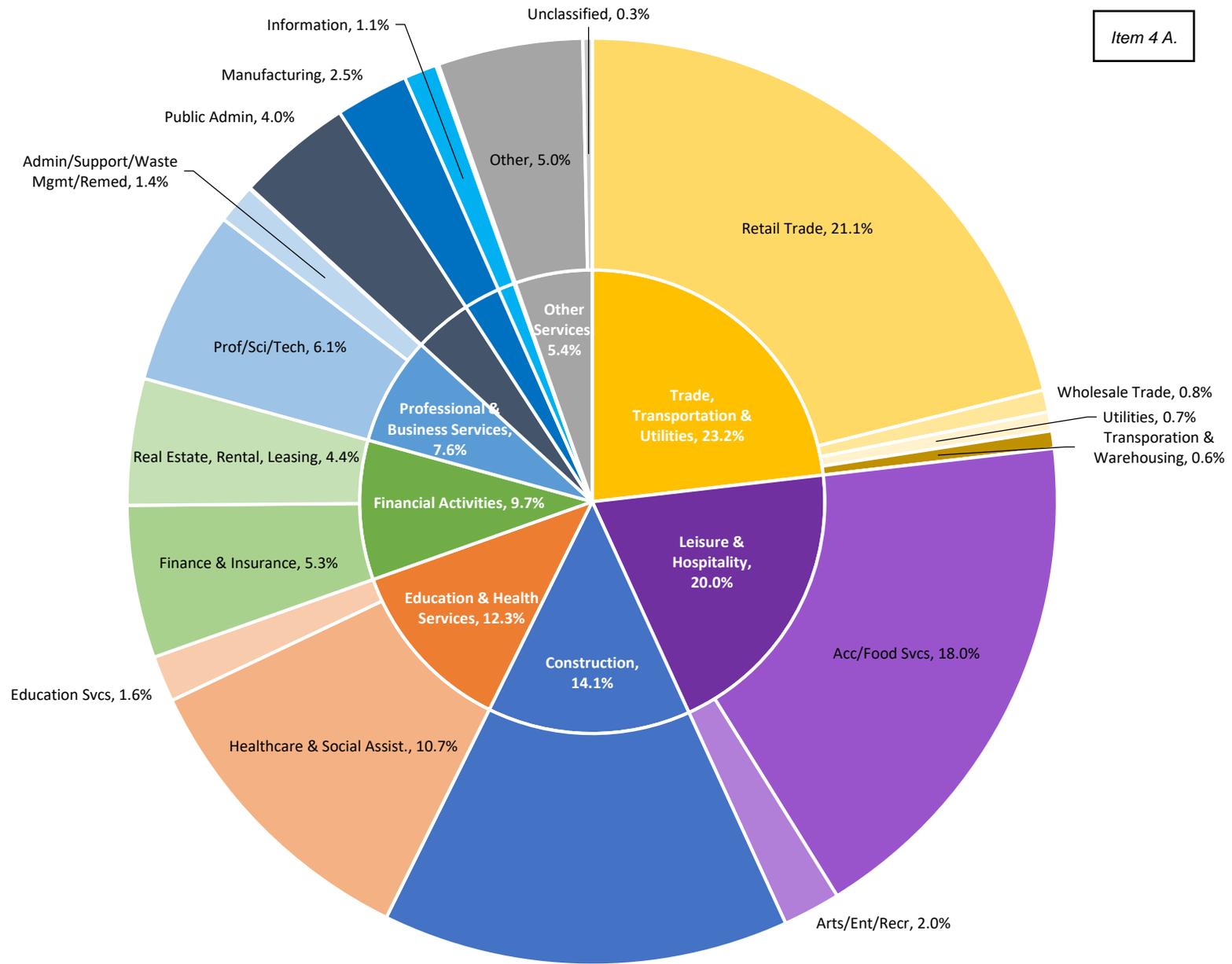


January 2026

# Study Area – CoStar Mid-County Retail Submarket



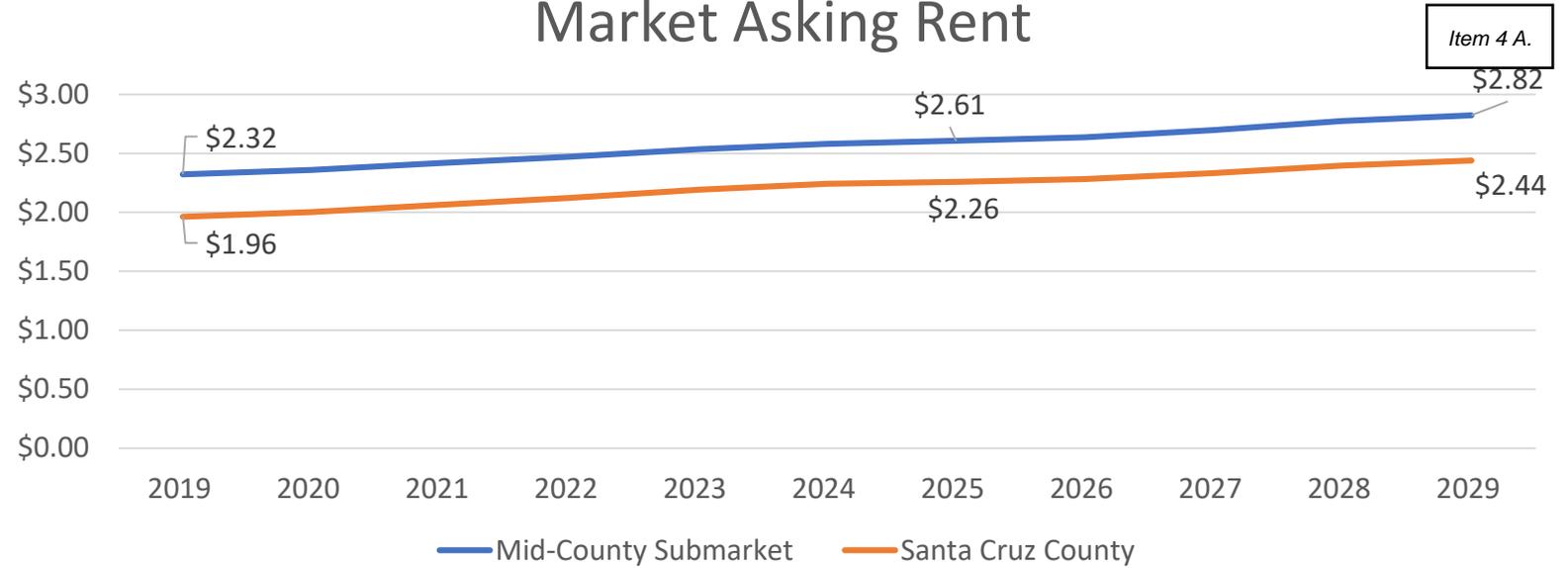
# Employment – City



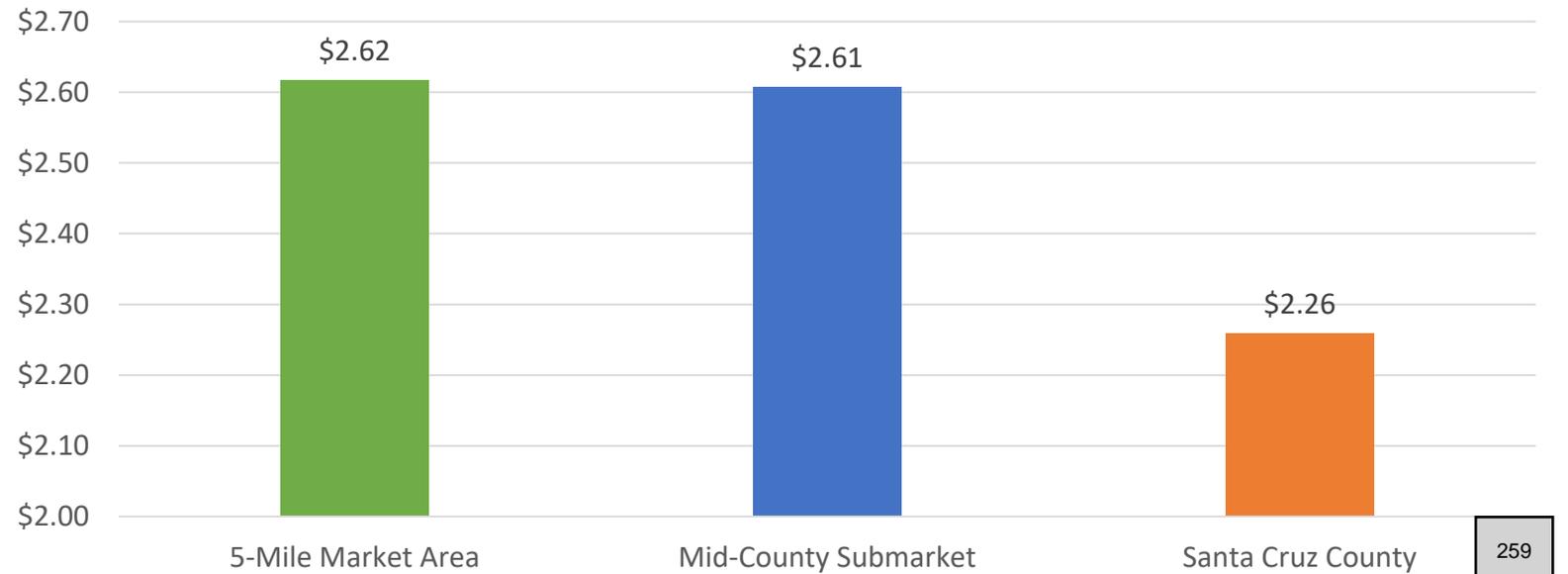
Item 4 A.

# Rent Trends

## Market Asking Rent

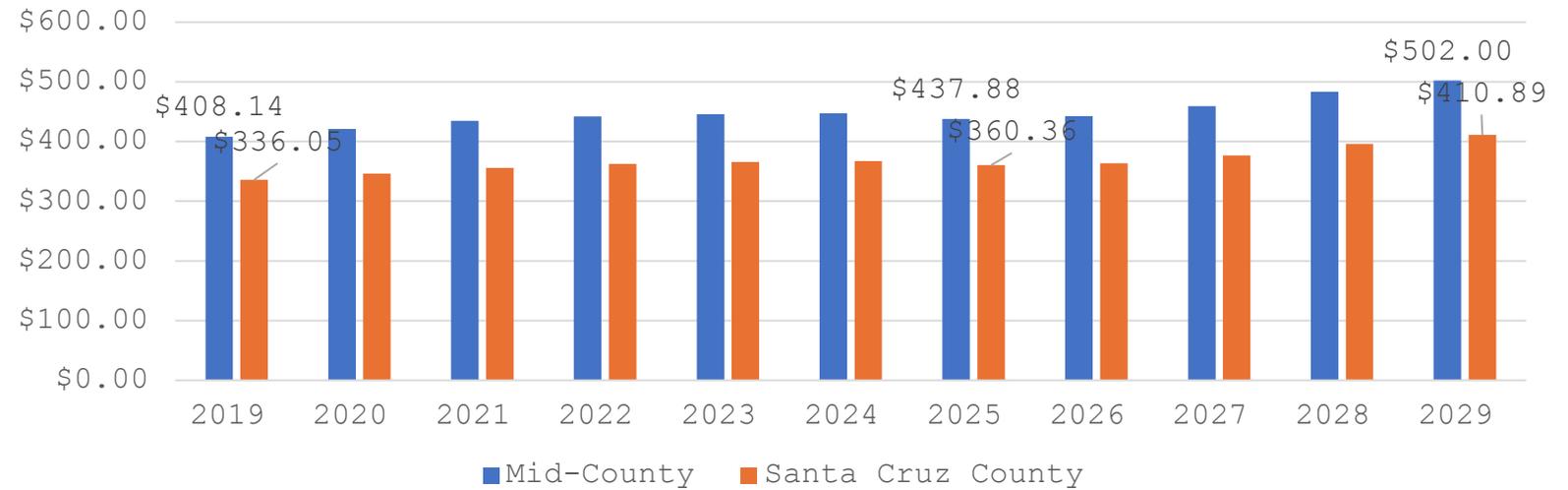


## Retail Lease Rates

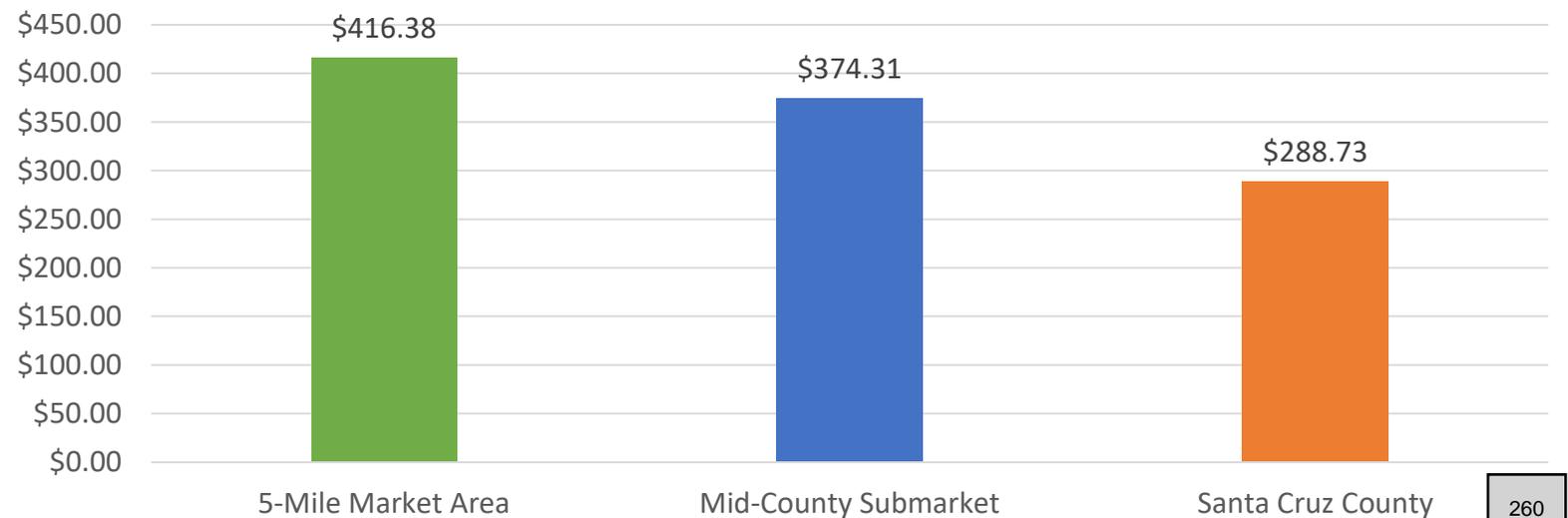


# Retail Property Sales Price /sf

Item 4 A.



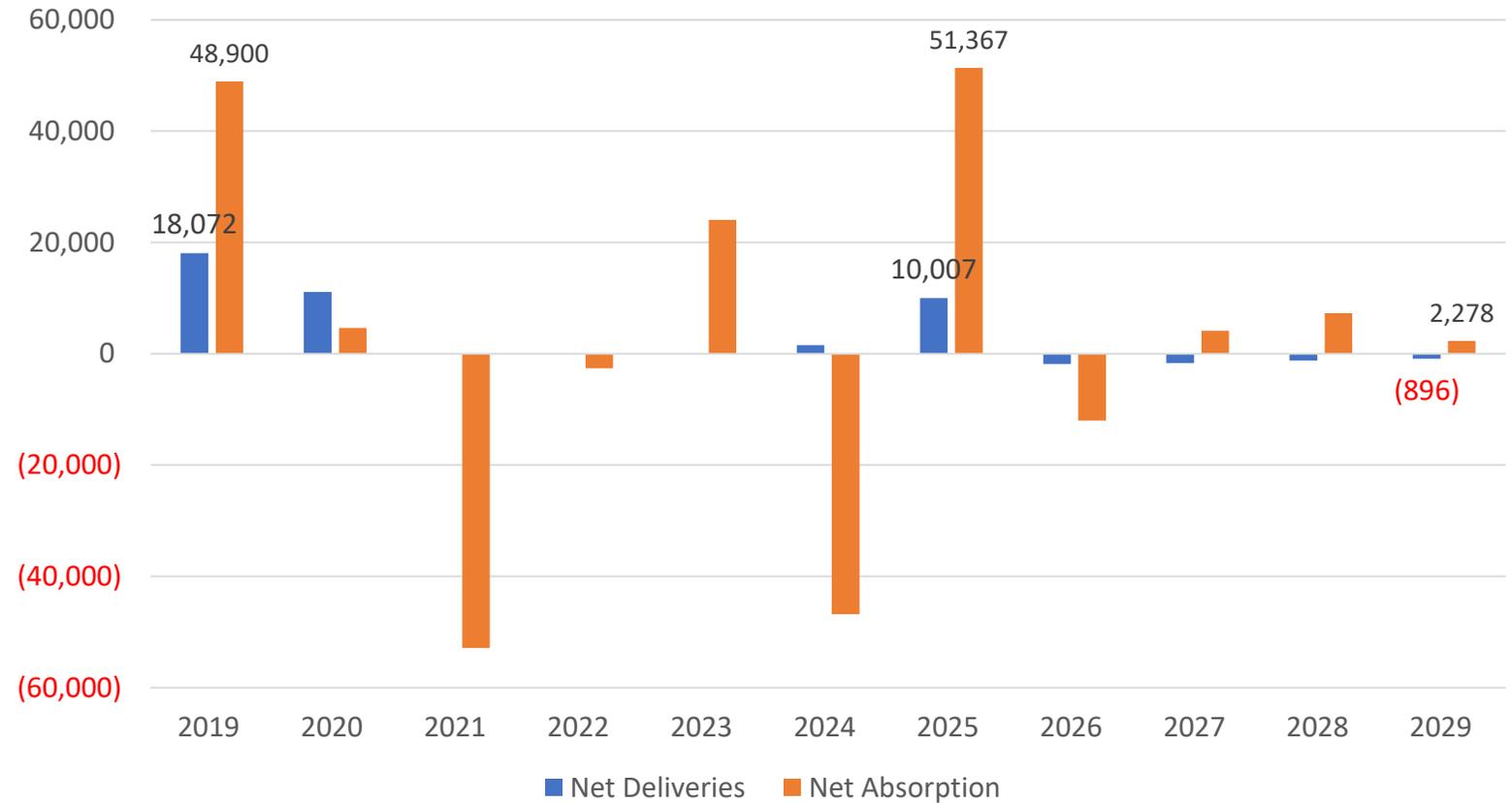
## Average Retail Property Sales Price /sf



# Retail Property Sales



## Net SF Delivered & Absorbed



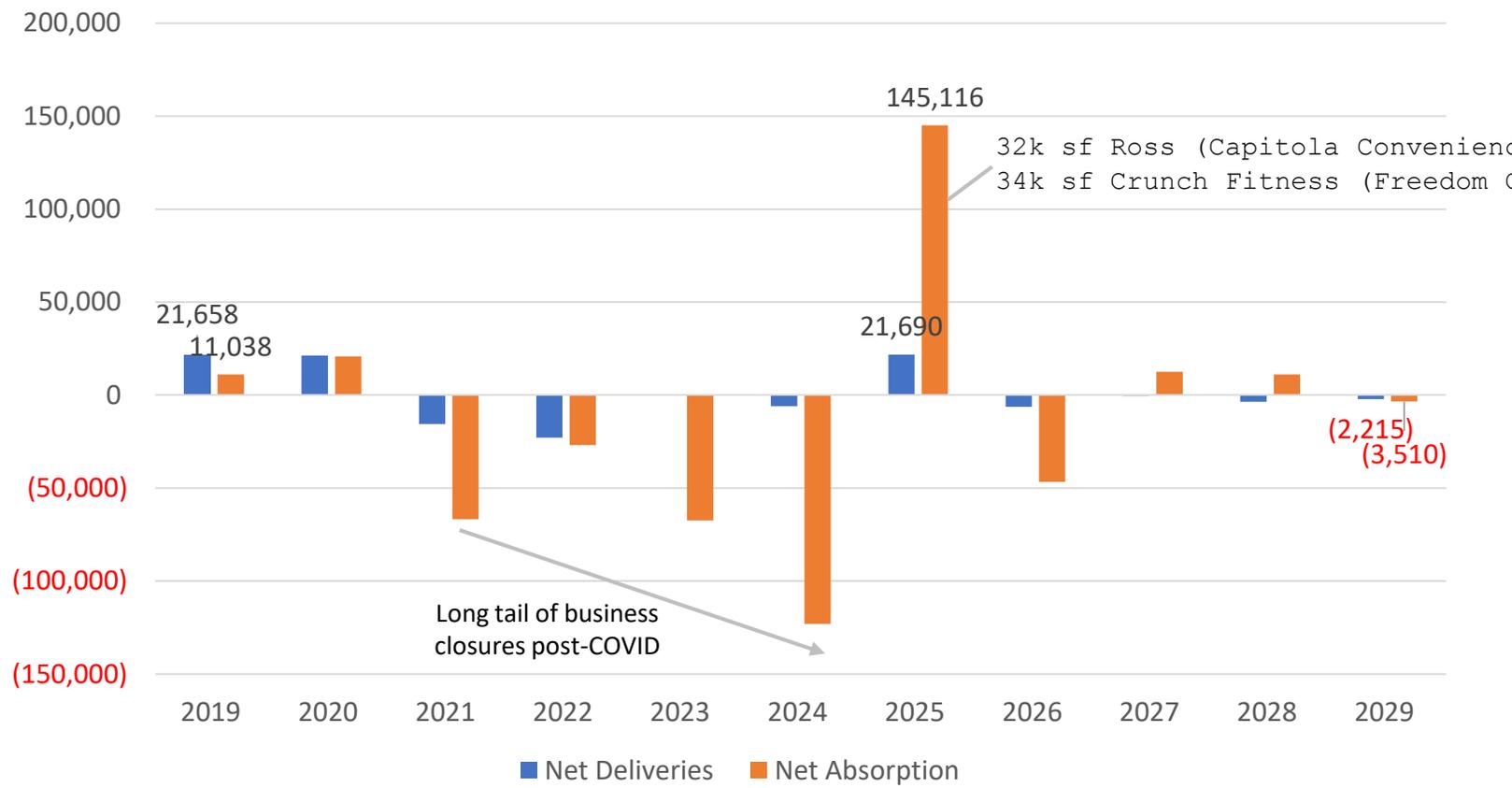
Retail  
Delivery  
&  
Absorption:

### Net Retail Delivery & Absorption

	Net Deliveries (SF Built)	Net Absorption (SF Leased)
2019	18,072	48,900
2025	10,007	51,367
2029	(896)	2,278

# Net SF Delivered & Absorbed

Item 4 A.



Retail Delivery & Absorption:

## Net Retail Delivery & Absorption

	Net Deliveries (SF Built)	Net Absorption (SF Leased)
2019	21,658	11,038
2025	21,690	145,116
2029	(2,215)	(3,510)

262



# Retail Surplu s/Leak age

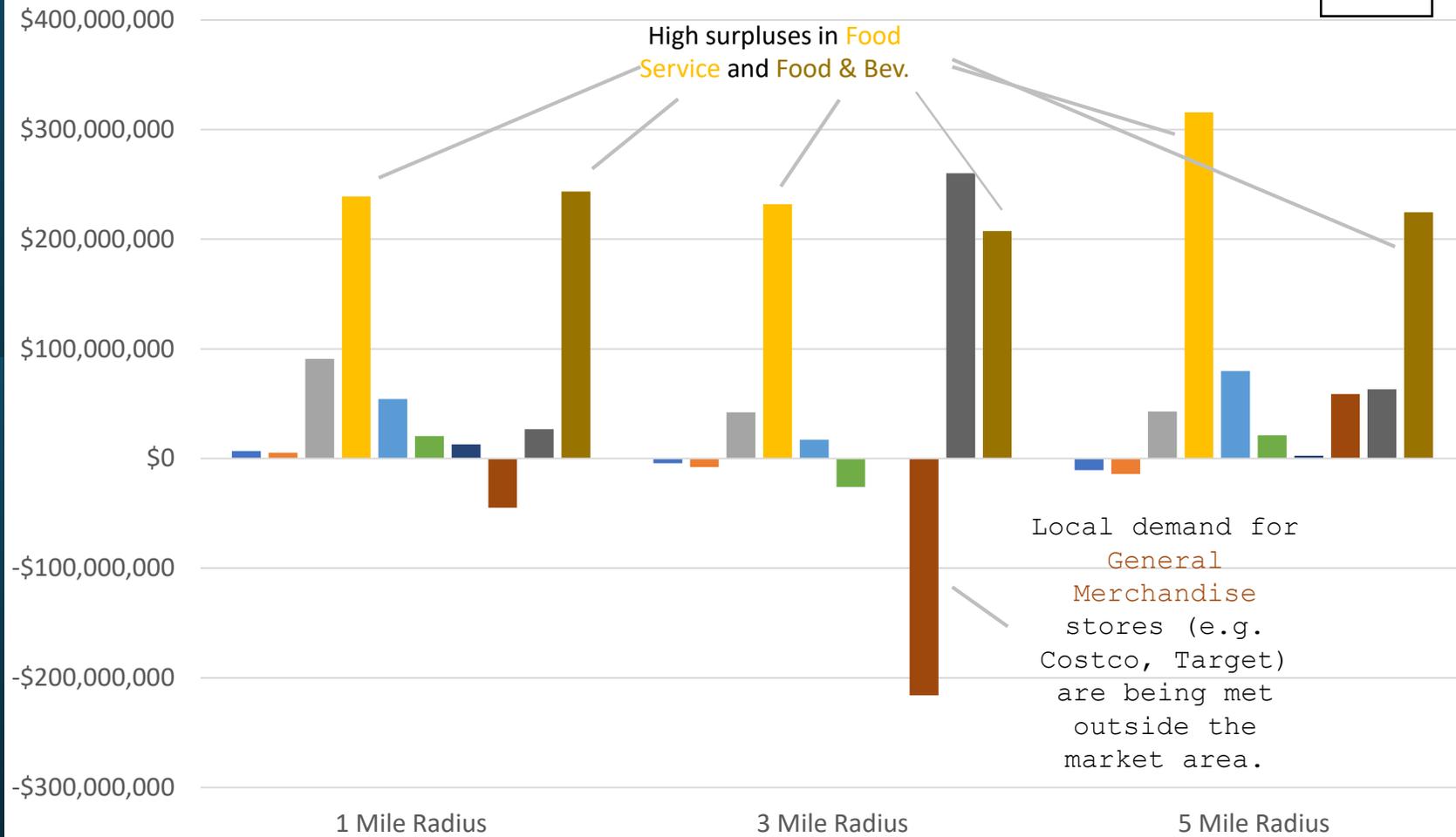
- **Retail Surplus:** Retail sales in an area greater than the anticipated spending by area residents. **Customers are traveling into the area to purchase this good/service.**
- **Retail Leakage:** Retail sales in an area below than the anticipated spending by area residents. **Customers demand is not being met by existing establishments. Demand exists in the area for businesses providing this good/service.**



# Retail Surplus/Leakage

## Retail Sales Surplus (+) / Leakage (-)

Item 4 A.

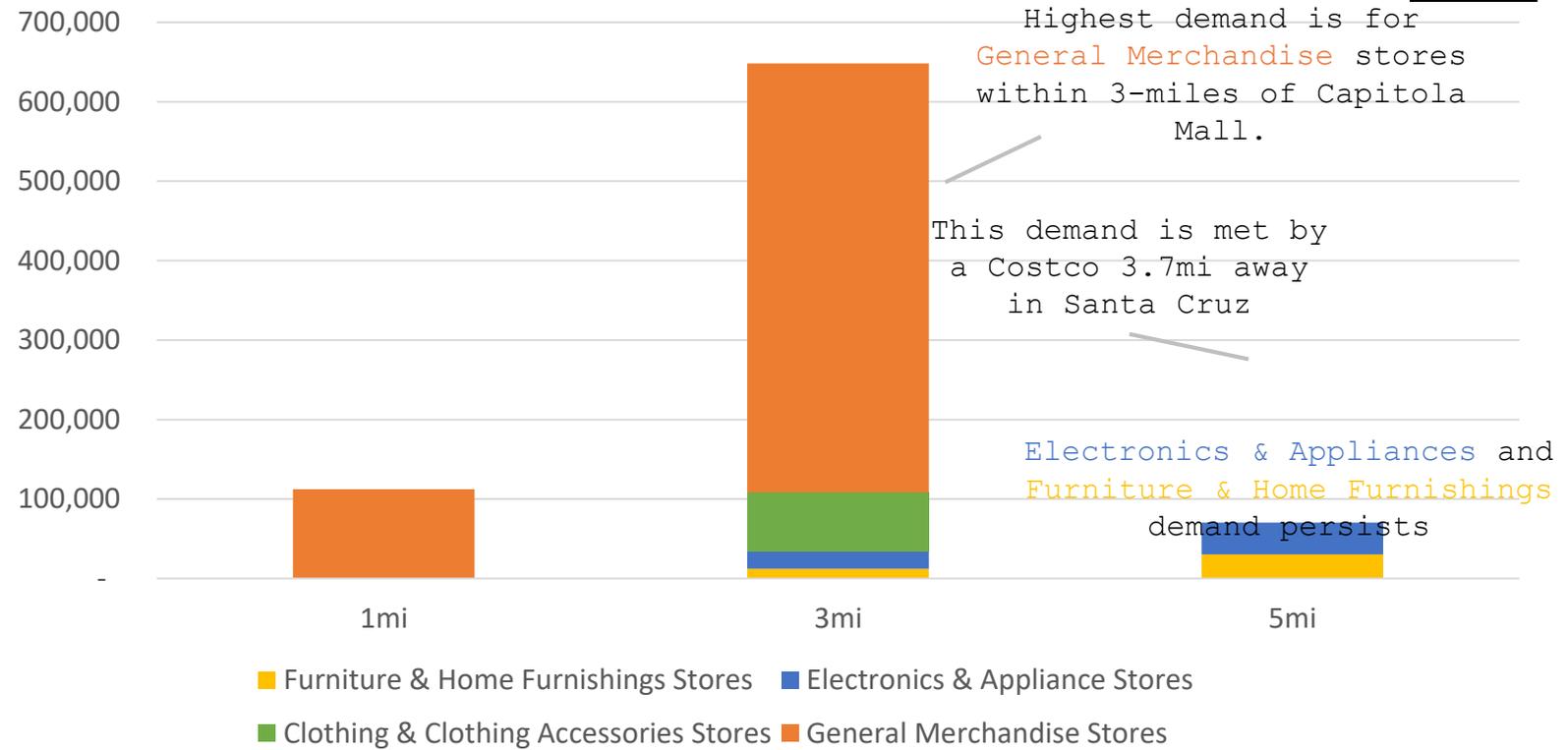


- Furniture & Home Furnishings Stores
- Bldg Materials, Garden Equip. & Supply Stores
- Health & Personal Care Stores
- Sporting Goods, Hobby, Book & Music Stores
- Miscellaneous Store Retailers
- Electronics & Appliance Stores
- Food & Beverage Stores
- Clothing & Clothing Accessories Stores
- General Merchandise Stores
- Food Services & Drinking Places

# Retail Leakage – Space Demand

## Potential Retail Space Demand (sf)

Item 4 A.



### Potential Retail Space Demand (sf)

	1mi Radius	3mi Radius	5mi Radius
<b>Furniture &amp; Home Furnishing</b>	-	12,264	30,229
<b>Electronics &amp; Appliances</b>	-	22,179	39,995
<b>Clothing &amp; Accessories</b>	-	73,862	-
<b>General Merchandise</b>	112,468	539,762	-

265

Source: Claritas



# Broker Perspectives – Market Overview

Item 4 A.

- KMA reached out to over 20 real brokers active in the local market area to gain insights into current and future commercial opportunities at the Mall.

- Retail demand is modest Countywide—vacancies are low, but so are rents

- The Mall is well-situated for redevelopment. 41<sup>st</sup> Ave is a regional retail destination that draws visitors from across the County.

- Local brokers are skeptical of retail demand at the site.

- Brokers recommended mixed-use



# Broker Perspectives – Retail Product

- Market demand greatest for small space
- Unfortunately, small space is financially more challenging to develop
- Limited interest from national and regional tenants for large space.



# Broker Perspectives – Tenant Types

- Food service is a highly desirable retail use for the site.
- Development types demonstrating potential include:
  - Small cafes with outdoor seating
  - Indoor/outdoor food hall with live entertainment programming,
  - Quick-serve restaurant



# Broker Perspectives - Challenges

- Mall area and County as a whole have low daytime populations, which can prove challenging.
- Smaller local tenants may not have strong credit.
- Limited national/credit/larger scale retail demand.



# Broker Perspectives – Development Patterns

- Hotel – Existing demand. Development would support retail. Likely mid/select service property type.
- Residential – The large number of proposed residential units will support retail at the site and across the region.
- Mixed-Use – Highest and best use for the site, with many brokers citing Santana Row as an example the site could



# Study Area – CoStar Santa Cruz / Scotts Valley Hospitality Submarket



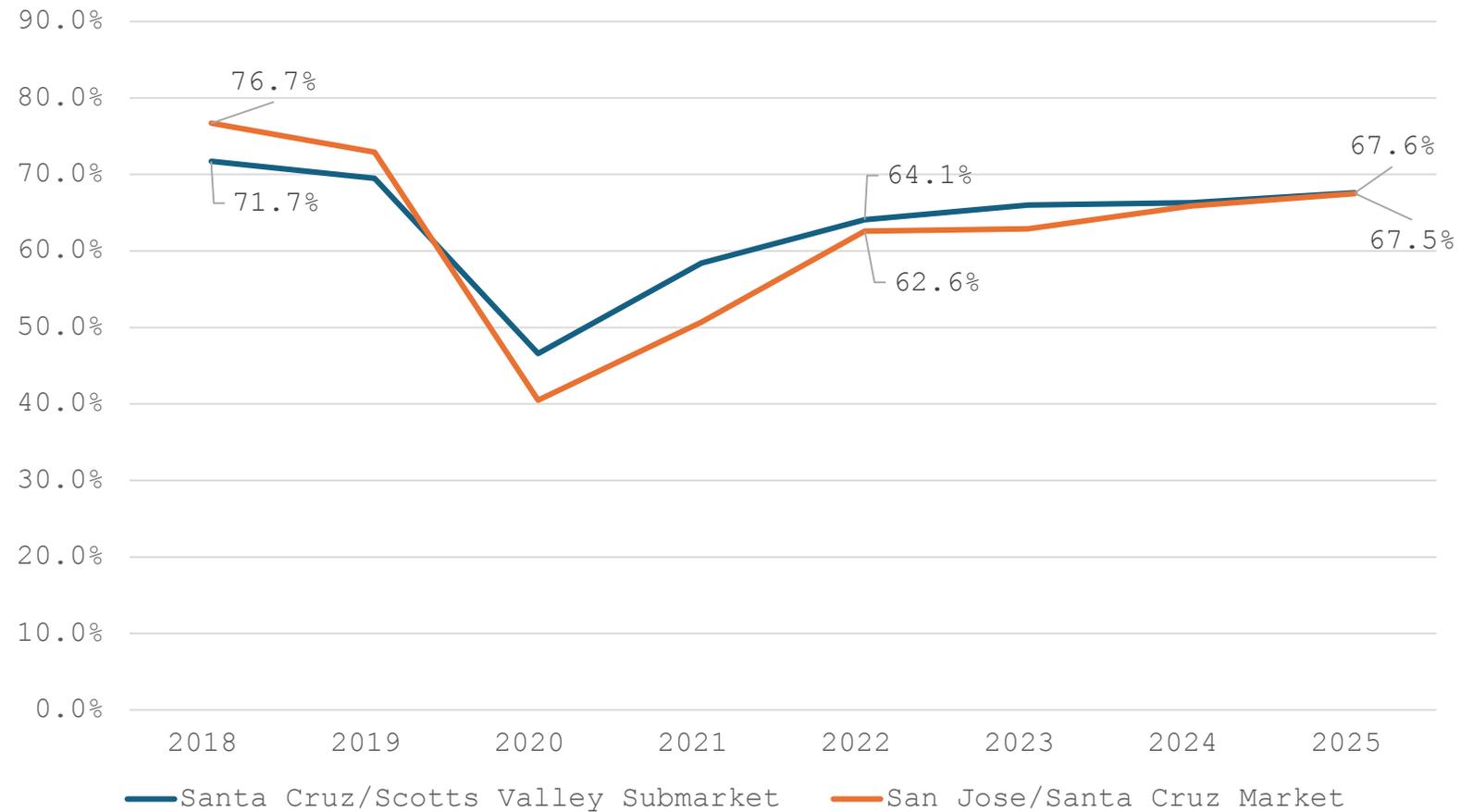
# Study Area – CoStar San Jose / Santa Cruz Hospitality Market



# Hotel Performance – Occupancy

## Occupancy

Item 4 A.

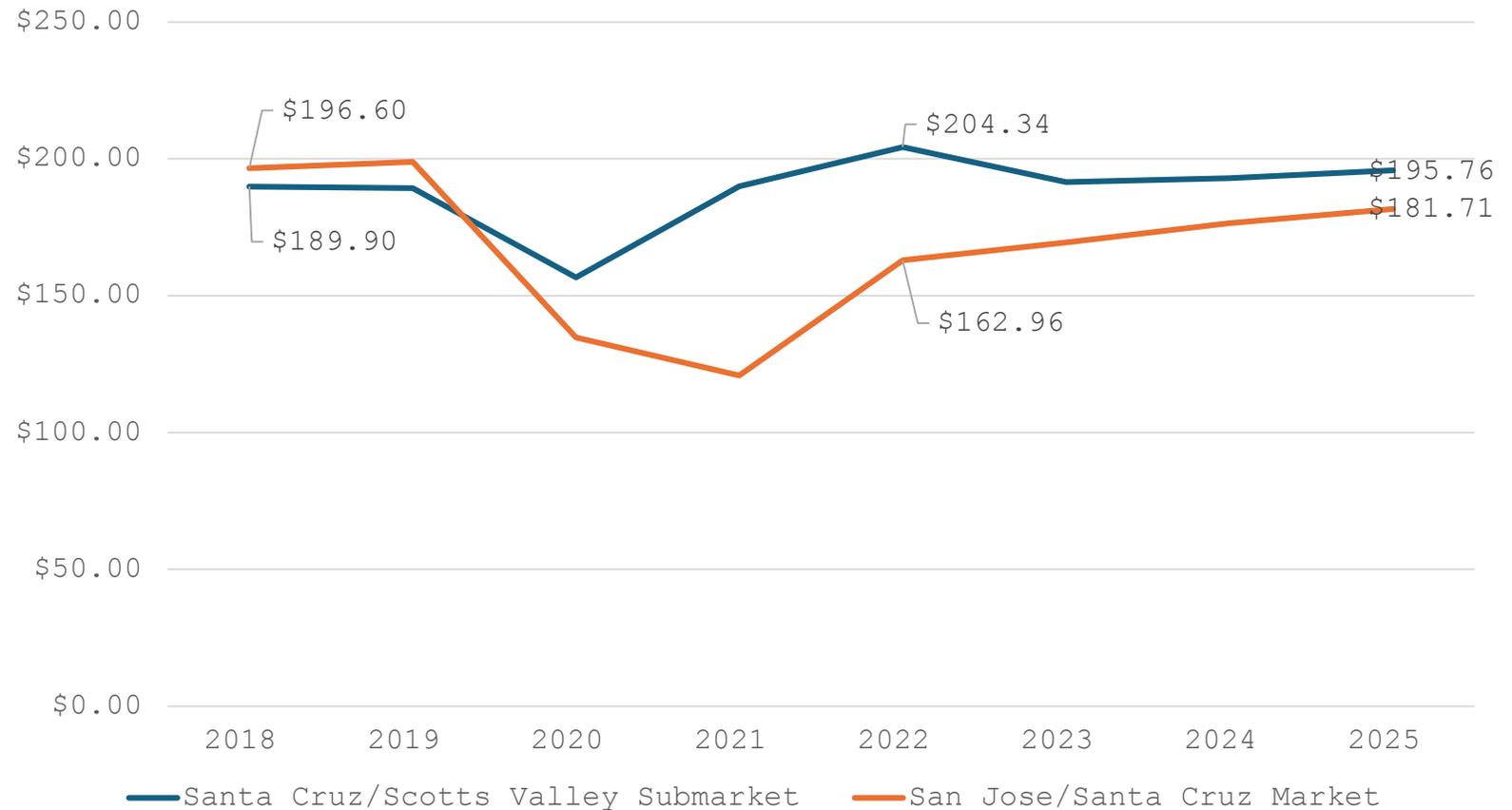


Occupancy			
	2018	2022	2025
<b>Santa Cruz/Scotts Valley Submarket</b>	71.7%	64.1%	67.6%
<b>San Jose/Santa Cruz Market</b>	76.7%	62.6%	67.5%

# Hotel Performance – ADR

ADR

Item 4 A.



## Average Daily Rate (ADR)

	2018	2022	2025
<b>Santa Cruz/Scotts Valley Submarket</b>	\$189.90	\$204.34	\$195.76
<b>San Jose/Santa Cruz Market</b>	\$196.60	\$162.96	\$181.71

274

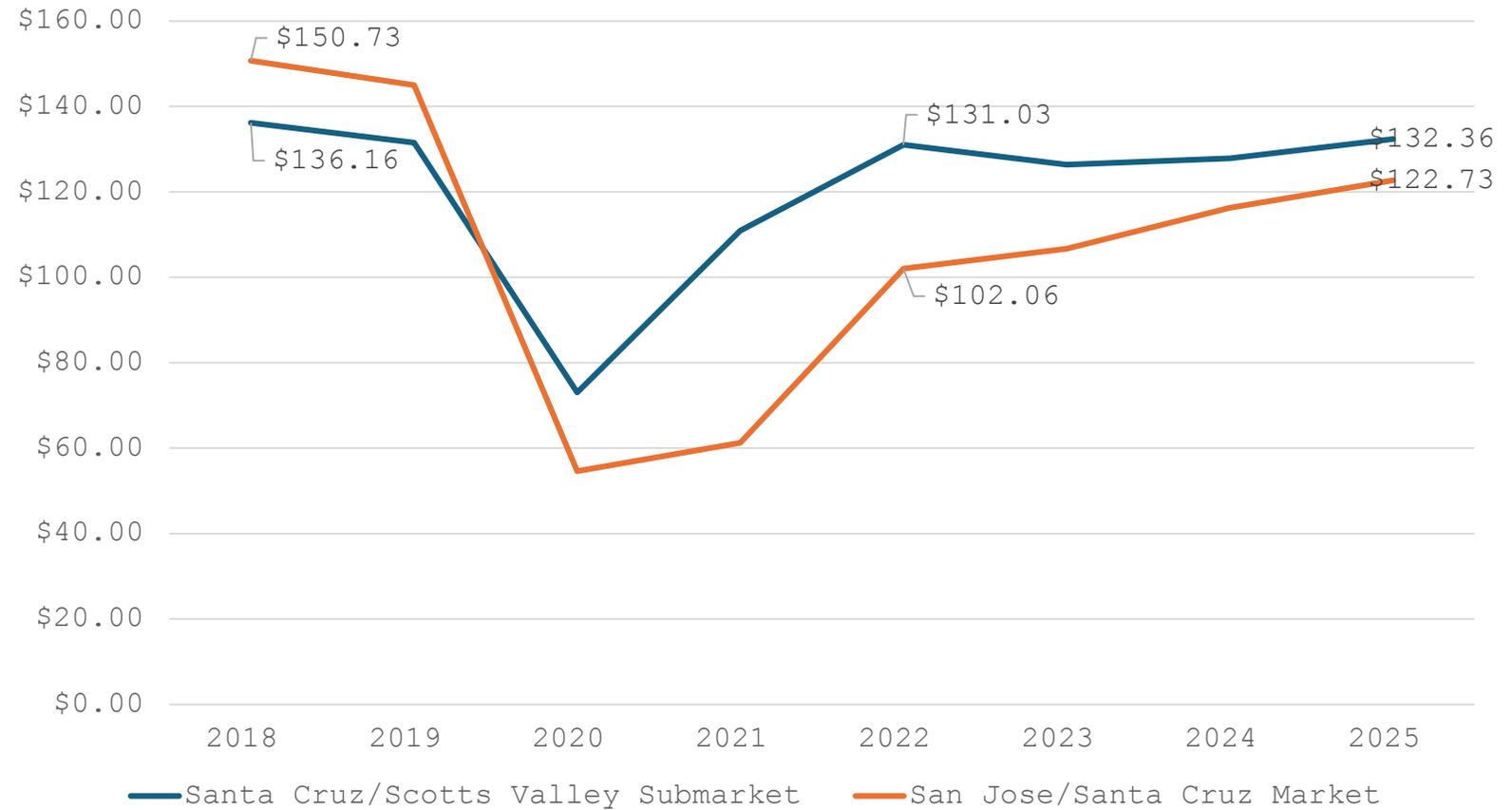
Average Daily Rate (ADR) is the average price guests pay per night for a hotel room.



# Hotel Performance – RevPAR

## RevPAR

Item 4 A.



### Revenue Per Available Room (RevPAR)

	2018	2022	2025
<b>Santa Cruz/Scotts Valley Submarket</b>	\$136.16	\$131.03	\$132.36
<b>San Jose/Santa Cruz Market</b>	\$150.73	\$102.06	\$122.73

Revenue Per Available Room (RevPAR) is calculated as follows: Average Daily Rate \* Occupancy



# Event Space Trends

Item 4 A.

## Santa Cruz / Scotts Valley Submarket

	Rooms	Meeting Space (sf)	Meeting Space (sf) /Room
<b>Minimum</b>	54	990	12
<b>Median</b>	128	2,600	23
<b>(Weighted) Average</b>	122	4,027	30
<b>Maximum</b>	178	9,210	72

## National

	Meeting Space per Guest Room	Typical Total for a 150-room Hotel
<b>Upper Upscale</b>	50 - 75+ sq. ft	7,500 - 11,000+ sq. ft
<b>Upscale</b>	20 - 40+ sq. ft.	3,000 - 6,000 sq. ft
<b>Upper Midscale</b>	5 - 15 sq. ft	750 - 2,250 sq. ft

276

# Event Space Trends

- Meeting rooms are generally categorized by capacity, but physical footprint varies based on set-up (theater-style vs. boardroom)
- **Boardroom (8-12 people):** 250 - 400sf
  - *Upscale:* Usually have permanent boardroom tables and high-end AV.
  - *Upper Midscale:* Often a "flex" room with a standard table
- **Small Breakout (20-40 people):** 500 - 800sf
  - Common in both segments for team training or small workshops
- **Large Meeting Room/Junior Ballroom (100-150 people):** 1,500 - 2,500sf
  - Found frequently in *Upscale* hotels. These are often divisible by a "partition" wall



## Commercial Findings

- Mall properties have strong redevelopment potential
- New residential and hotel uses would help overall Mall property retail environment
- New retail demand: 25,000 - 35,000 sq. ft.



# Hotel Findings

- A hotel could exceed market average revenues with strong operator and brand
- Support for 30 sf of meeting space per room :
  - 85-room hotel: 2,550 sq. ft.
  - 130-room hotel: 3,900 sq. ft.





# MGP Additional Materials

1. Dedicate Affordable Land Incentive
2. Perimeter Zone: 75 feet
3. Commercial Minimum: 25,000 sf
4. Commercial Ground Floor: 14 feet
5. Density Calculation: Include dedications
6. Internal Street Connectivity
7. Bike Circulation
8. Street Frontage Improvements
9. Internal Street Parking
10. Hotel Street Presence



# MGP 1.

## Dedicate Affordable Land Incentive

MGP: For development which includes a land dedication for the inclusionary housing requirement, request to not required deviation requirements within the project.

Staff Recommendation: Requested change not recommended. The applicant can include a density bonus application if they prefer density bonus incentives over City process.

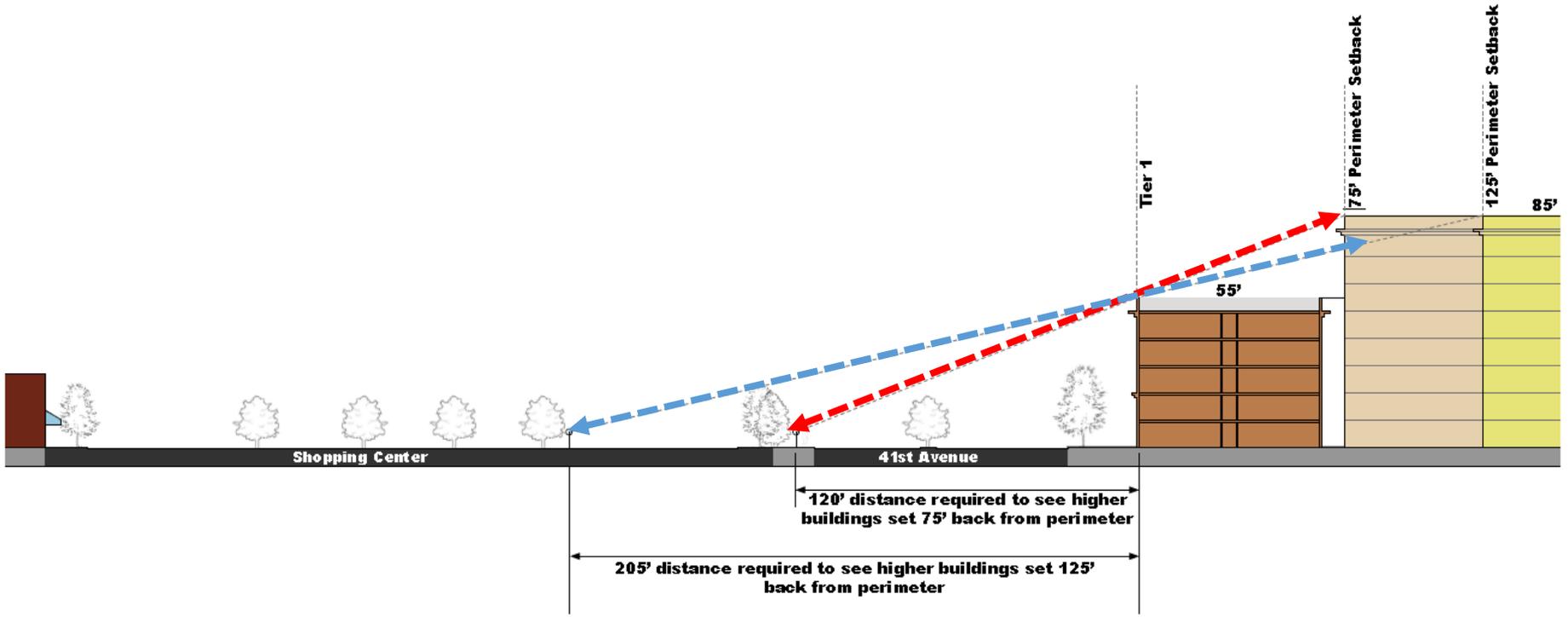
# MGP 2.

## Perimeter Zone decrease 75 feet



MGP: Request to decrease perimeter zone from 125 feet to 75 feet.

Staff Analysis: The taller buildings will not be visible from within the right-of-way (street and sidewalk). They will be visible from structures that are setback on properties across the street, for example Wholefoods.





# MGP 3. Commercial Minimum

## Proposed

- Tier 2: 30,000 square feet
- Tier 3: 40,000 square feet

## MGP Request

- Request: 25,000 square feet

## KMA Economic Development Study

- 25,000 – 35,000 square feet

# MGP 4: Commercial Ground Floor Height Minimum



- Proposed: 18 feet floor to floor
- MGP request: 14 feet floor to floor
- Staff recommendation – No Change

# MGP 5: Density Calculation:

Change Exclude to Include for dedicated public open space, public rights of way, and public easements

Item 4 A.

## 3. Density.

### a. Calculation.

i. The density of a proposed development on the Capitola Mall property is calculated on a project-wide basis as the number of dwelling units per acre of land, using the total combined land area for all contiguous parcels under single ownership regardless of whether dwelling units are proposed on an individual parcel.

ii. The land area used to calculate density includes the following:

(a) Privately owned and maintained publicly accessible open space; and

(b) Public open space dedicated to the City; and

(c) Private streets, sidewalks, pathways and other similar private circulation improvements except where dedicated for public use consistent with paragraph iii below and

(d) Areas subject to tenant lease controls and private easements.

(e) Perimeter street frontage improvements on privately owned property subject to a public access easement or dedication pursuant to Section 17.57.050.A.h.3.d.

(f) Public rights of way; and

(g) Public easements.

~~iii. The land area used to calculate density excludes public rights of way, public easements, and public open space dedicated to the City~~

iv. The “density” definition in Section 17.160.020.D.6 does not apply to the Capitola Mall property.

# MGP 6. Internal Street Connectivity



## c. Internal Street Connectivity.

- (1) A mall redevelopment project shall create new internal streets that provide a vehicular connection between all perimeter streets abutting the development site **except where the Planning Commission finds that the establishment of new internal streets would be infeasible (e.g., presence of existing structures and improvements on the site).**
- (2) A mall redevelopment project application shall include a circulation diagram that shows how future potential internal streets on adjacent parcels can:
  - (a) Connect to new internal streets on the development site; and
  - (b) Provide a vehicular connection to perimeter streets that do not abut the development site.
- (3) New internal streets shall be designed to allow for connections to existing internal circulation and future internal streets on adjacent properties within the mall block.
- (4) Where an adjacent property within the mall block was previously redeveloped, a mall redevelopment project shall provide one or more vehicular connection between the development site and the adjacent property.
- (5) If a new internal street cannot yet connect to an existing public street or other public way, the property owner may temporarily restrict public access to that street until such a connection becomes feasible through future adjacent development. Once a connection to another public street or public way is established, the internal street shall be opened for public use. The property owner shall remove any gates or other physical barriers to ensure permanent unrestricted public access.
- (6) If the parcel on which mall redevelopment will occur contains an existing street, pedestrian path, or other public connection, that connection will be preserved or replaced on the parcel to maintain public access and circulation through the property.
- (7) In all areas of the Capitola Mall property, where a project site includes an existing street or other public connection, this public connection will be maintained or relocated within the project site.
- ~~(8) The City may grant an exception to the standards in this Paragraph b (Internal Street Connectivity) upon finding that it is infeasible to provide vehicular connection.~~

# MGP 7. Bike Circulation



Proposed:

Residential: Bike lane or Bike Path required

Commercial: Bike Lane, Bike Path, or Sharrow

MGP: Allow sharrow in all scenarios

Staff Recommendation: No Change





# 8. MGP Street Frontage Improvements

MGP request for Deviations to Internal Street where one side of a new internal street abuts an existing retail structure that is to remain regardless of whether it is “controlled by the developer”

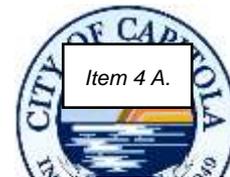
Staff Recommendation: No change

# 9. Internal Street Parking



MGP request to allow existing parking lots to remain

- (1) **Internal Streets.**
  - (a) Excluding hotels, new surface parking may not be located between a building and an internal street. Parking must be behind or adjacent to a street-facing building.
  - (b) If surface parking is located adjacent to an internal street, frontage improvements required by Section 17.57.050.A.2.h (Street Frontage Improvements) shall be provided between the parking area and the street.



# 10. Hotel Street Presence

MGP request for carve out for existing surface parking lots to remain. Ambiguous.

Recommended Change:

## d. Hotels

**(1) Street Presence.** A minimum of one hotel building façade shall front a perimeter internal street in compliance with the following:

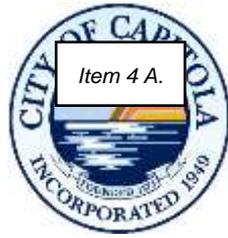
(a) Surface parking lots are prohibited between the building façade and the sidewalk.

(b) Street parking and porte-cocheres drop-off areas are permitted between the building façade and street.

(c) A building entrance accessed from the sidewalk shall provide access to the hotel lobby.

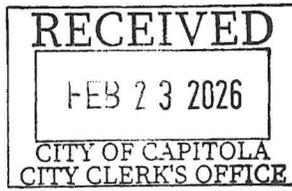
(d) Loading docks and service areas may not front the street.

**(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 above.

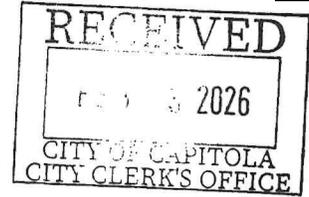


# Staff Recommendation

1. Dedicate Affordable Land Incentive ✘
2. Perimeter Zone: 75 feet
3. Commercial Minimum: 25,000 sf
4. Commercial Ground Floor: 14 feet ✘
5. Density Calculation: Include dedications ✔
6. Internal Street Connectivity ✔
7. Bike Circulation ✘
8. Street Frontage Improvements ✘
9. Internal Street Parking ✔
10. Hotel Street Presence ✔



Item 4 A.



	Tier 1	Tier 2	Tier 3
Min. Density	20 du/ac	20 du/ac	20 du/ac
Max. Density	48 du/ac	53 du/ac	53 du/ac
Affordability	20%	20%	20%
Hotel	N/A	120 rooms	N/A
Meeting space	N/A	4,000	N/A
New Commercial	0	35,000 sf.	200,000 sf
Height			
Perimeter	55	75*	55
Core	75	85	85
FAR	2.0	2.0	2.0

\* Reduce Perimeter for Tier 2 to 75 feet on 41<sup>st</sup> Avenue and Capitola Road.  
Hotel can be 85 feet in Perimeter for Tier 2  
FAR excludes parking garages and hotels in all tiers and rooftop decks in Tier 2