



To: Capitola Planning Commission
Date: February 27, 2025
Subject: RM Zoning - Item on March 3, 2025 Agenda

Capitola's Housing Element commits to removing constraints on multi-family housing production, and what we saw at the community meeting on February 25th does not meet that commitment. **We urge the Commission to reject any proposal with a maximum RM density of 30 du/ac and direct staff to return with higher zoning densities and development standards to truly facilitate multi-family housing development in Capitola.**

- From May until August, the Planning Commission consistently recommended increasing residential density.
- Staff assessments from May, June and August 2024 conclude that densities higher than 30 du/ac facilitate multi-family development.
- Existing developments already exceed 30 du/ac and examples presented to the community go higher to >50 du/ac.
- Site-specific subjective community concerns about specific parcels must be separated from objective zoning standards that promote much-needed housing growth.
- Without sufficient density, redevelopment remains financially unfeasible, especially considering state tenant protection laws.

Meet the City Commitment in the Housing Element

Capitola is NOT meeting its commitment in the Housing Element with the information presented at the February 25th community meeting. Program 1.6 in the Housing Element states:

"Review and revise as appropriate, requirements such as the minimum unit size, setbacks, parking requirements, and height restrictions to ensure they are necessary and pertinent and do not pose constraints on the development of housing. This includes assessing the maximum densities allowed in the RM-L and RM-M zones to determine if higher densities can help facilitate multi-family development in the City."

The work from last May through August was specifically responsive to this commitment. Last August, staff proposed five residential zoning densities and related development standards, ranging from 10 du/acre to 40 du/acre. As described in the staff report, "[These] reflect the Planning Commission's direction while also creating opportunities for additional housing in line with the Housing Element."

That proposal was based on assessments presented to the Planning Commission in May and June that these higher densities would facilitate multi-family development in the city:

- On May 2, 2024, the Planning Commission reviewed information on existing RM density and development standards, existing built densities in the RM zone, recent Santa Cruz County multifamily development, and prototype models of infill multifamily housing types. The Planning Commission expressed the need for increased RM densities and requested staff to return with additional analysis.
- On June 6, 2024, staff provided more information on RM densities and an analysis of development standards with allowed density up to 40 du/acre. The meeting minutes indicate a positive response to this approach in meeting the Housing Element requirements.

We are not clear on what objectively changed to now propose fewer residential zoning densities capped at 30 du/ac. This reduction conflicts with the assessment that higher densities, including 40 du/ac, facilitate multi-family development and the Planning Commissions direction. We recognize that there was community pushback on applying the zoning to specific parcels, but nothing objective that would lessen the need for these higher residential zoning densities.

Existing Developments Exceed the 30 du/ac

At the June 2024 meeting, the Planning Commission directed staff to consider what densities to bring non-conforming existing development into compliance. Capitola has existing developments that exceed 30 du/ac, and even 40 du/ac.

In August, several RM sites listed already exceeded 30 du/acre, including:

- Park Ave Condos (35 du/ac)
- Capitola Mansion (34 du/ac)
- 501 Plum (38 du/ac)

The Housing Element also highlighted additional built sites such as:

- 815 and 825 Balboa (41 du/ac)
- 1945 42nd Ave (38.8 du/ac)
- 850-870 Park Ave (32.6 du/ac)

On February 25, 2025, staff presented multi-family housing sites and multi-family development in the county that warranted 50 du/ac or higher.

Newer State Laws Protect Low-Income Tenants and Add Financial Challenges to Redevelopment

Nearly 80% of Capitola's housing stock is over 30 years old, suggesting much of it is due for renovation or updates. Sites like Park Ave Apartments and Bay Ave Senior Housing were identified in August 2024 as likely for redevelopment or suitable for additional housing. Minimal modifications to density and other development standards may inhibit, rather than facilitate multifamily housing on these sites, particularly when considering state laws that protect low-income tenants who are a significant portion of current residents.

According to the Capitola Housing Element, the majority (53.9%) of Capitola residents are low-income - their income is less than 80% of AMI. Under SB 330's tenant protection and demolition controls, any units occupied by a low-income tenant in the past five years must be replaced on a 1:1 basis with deed-restricted low-income housing. Additionally, existing low-income tenants must be offered the right of first refusal on the new units, along with relocation assistance.

This makes redevelopment of existing multifamily housing unlikely unless the base zoned density is sufficient to allow enough new units to offset the costs of tenant protections and required replacement housing. Without sufficient zoning density, financial feasibility remains a major obstacle to redevelopment and the production of additional housing. This further justifies more than 30 du/ac density.

Community Conversations vs. Development Standards

Whether neighbors or the broader community support housing on a particular site should be separated from the development standards, including higher densities that can help facilitate multi-family development in the City.

We urge the commission to reject a proposal with a max RM density of 30 du/ac and direct staff to return to the previously proposed zoning densities and development standards, to truly facilitate multi-family housing development in Capitola.

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 growing population. Santa Cruz YIMBY is a chapter of YIMBY Action, a 501(c)(4) nonprofit organization.

February 27, 2025

Dear Planning Commission,

In order to comply with the requirements of the City of Capitola's 6th Cycle Housing Element Program 1.6, the Planning Commission directed City staff and consultant Ben Noble to analyze the City's residential multifamily (RM) zoning districts to determine whether or not the development standards and density limits constituted a constraint on the development of additional multifamily residential units. Based on that direction, City Staff produced a detailed analysis that examined 37 areas of the City with the RM zoning designations to assess the density limits and built densities of parcels in those areas, determine whether or not the density limits constituted constraints, and propose new densities for the parcels that could be considered constrained by the density limits. This analysis was presented to the Planning Commission at the August 15, 2024, meeting.

Prior to the meeting, the Commission received approximately 20 public comment letters, some of which included multiple signatories and many of which were related specifically to 600 Park Avenue, voicing concerns about issues such as parking impacts, traffic concerns, and increasing density limits in an already densely populated city. At the meeting, the Commission received 19 additional comments echoing similar concerns. Based on that public feedback, the Commission directed staff to revise the proposed RM zone amendments to consider public comment and to bring the item back in early 2025.

On Tuesday, February 25, 2025, I attended the "Community Meeting for Multifamily Zoning District Amendments" put on by the City's Community Development Department. Heading into the meeting, I had concerns about the drastically different approach being presented, having reviewed the presentation online the night before. I was surprised to discover that the number of areas/parcels identified had been reduced from 37 to just 7 with only a vague description of how the number of areas was pared down. It also appeared that there had been a significant shift in focus to whether or not residents thought that parcels could reasonably accommodate additional development instead of an objective analysis of whether or not the existing density limits were a constraint in the areas identified. Slide number 13, for example, asked residents for subjective feedback on whether or not the areas identified were "suitable for additional multifamily development." The one presentation slide outlining a slightly higher maximum density of 30 du/acre and related development standards was barely even discussed in the presentation, so it was unclear whether that was something under consideration that the public should provide input on. The meeting had approximately 20 attendees, many of whom lived in areas adjacent to the parcels identified who shared concerns about issues such as traffic and parking.

The drastic shift in approach to Program 1.6 is concerning on several levels. First, the Planning Commission did not direct City staff to discard the entire analysis they put together for the August 15, 2024, meeting and start fresh. They directed staff to revise the proposed RM zone amendments to consider public comment.

Second, the new approach presented at the February 25, 2025, community meeting does not comply with Program 1.6 because it is easily demonstrated (as City staff did in August 2024) that the development of additional housing on many of the 30 parcels not under consideration in this new approach are

constrained by the density limit of their existing zoning designation. Taking an approach that will not satisfy the requirements of Program 1.6 puts the City at risk of having the 6th Cycle Housing Element decertified by the California Department of Housing and Community Development (HCD) once we reach the compliance deadline in December 2025. Program 1.6 requires the City to:

Review and revise as appropriate, requirements such as the minimum unit size, setbacks, parking requirements, and height restrictions to ensure they are necessary and pertinent and do not pose constraints on the development of housing. This includes assessing the maximum densities allowed in the RM-L and RM-M zones to determine if higher densities can help facilitate multi-family development in the City.

The program makes no mention of specific parcels and whether or not they can realistically accommodate specific densities. This is not like the Housing Element site inventory analysis where development capacity needs to be justified. There is no mention of parking or traffic. This program is about making sure the development standards and density limits of the RM zoning districts do not constrain the development of housing on any parcel located within one of those districts. The new approach presented this week would not do that. Therefore, the new approach will not allow the City to comply with Program 1.6.

I have direct and recent experience dealing with HCD on Housing Element program compliance as the Interim Assistant Community Development Director for the City of Watsonville. I met with HCD representatives a few weeks ago to discuss whether or not the City of Watsonville and our Housing Element Implementation consultant had satisfied one of our Housing Element programs related to allowable densities and building height in our downtown specific plan area. Despite providing an in-depth analysis and test fits based on recent market conditions in our city and county produced by our Housing Element implementation consultant, HCD's review was rigid and uncompromising, to the point that it was clear that no amount of information and analysis would sway them from their contention that higher building height limits would be required to accommodate the densities identified. Similarly, Capitola's Program 1.6 was required by HCD because they believe Capitola's low density (tied with Scotts Valley for the lowest in Santa Cruz County) is a constraint to housing development. The fact that the City's low multifamily density limit is a constraint is easily demonstrable, so if the City does make a good faith effort to remedy the built densities that exceed the allowable density limits and provide at least some increase in density across the board in the RM zoning districts, there is little to no chance that HCD will consider Capitola in compliance with Program 1.6.

So how does Capitola address the concerns of its residents while also meeting the requirements of Program 1.6? I believe that, by making modest changes to the density limits, including some reductions in the proposed densities presented in August 2024, the City can address the concerns expressed by the residents at the meeting, bring all of the nonconforming parcels identified into conformance, and provide incremental density increases across the board that will hopefully satisfy HCD. The attached table is an example of how this could be achieved. It is a modified version of the "Zoning Map Amendments Summary Table" City staff presented to the Planning Commission on August 15, 2024, with example modifications shown in red and ~~striketrough~~.

Rather than abandoning the excellent work done by City staff in 2024, I would strongly recommend the Planning Commission consider keeping the five new RM zoning districts with densities up to 40 du/acre and simply modify the approach presented at the August 2024 meeting. This approach would follow the Planning Commission's direction to revise the proposed RM zone amendments to consider public comment by reducing some of the more aggressive proposed densities (e.g. only using 40 du/acre for sites with built densities already above 30 du/acre) to address the public comments received. It would also provide an opportunity to bring multiple properties with nonconforming densities into conformance with existing zoning density limits (an approach supported by Commissioner Westman at the August 2024 meeting) and to make modest increases to allowable densities of some of the other multifamily residential areas to demonstrate to HCD that the density limits would no longer be a constraint to the development of housing in order to meet the requirements of Program 1.6.

We owe it to our community to make a good faith effort to both address their concerns and remain compliant with our 6th Cycle Housing Element programs so that we can stay eligible for state funding for other projects we want and need.

Thank you for your consideration.

Respectfully,

Matt Orbach
Capitola Resident

ID	Location	Density			Notes
		Allowed	Built	Proposed	
Northeast Area					
1	Balboa Ave Duplexes	10 du/acre	7 du/acre	15 20 du/acre	Density increased. No constraint. 12,000 sf typical lots. 2 units per lot allowed now. 5 units per lot permitted at 20 du/acre.
2	Park Ave Condos	20 du/acre	35 du/acre	40 du/acre	Legalize built density. Density increased. No constraint.
3	809 Balboa Ave	20 du/acre	25 du/acre	30 du/acre	Legalize built density. Density increased. No constraint.
4	Cabrillo & Balboa	20 du/acre	6 du/acre	20 du/acre	No constraint. Lower density for buffer/transition to sfd on Cabrillo.
5	Balboa Fourplexes	20 du/acre	23 du/acre	30 du/acre	Limit density increase given surrounding single family homes. Legalize built density. Density increased. No constraint.
6	Park Ave Apartments	10 du/acre	15 du/acre	20 40 du/acre	Legalize built density. Density increased. No constraint. Large opportunity site. Incentivize with higher density.
7	Grove Lane	10 du/acre	17 du/acre	10 du/acre	Coastal hazards. No density increase.
North Central Area					
1	Capitola Mansion	15 du/acre	34 du/acre	40 du/acre	Legalize built density. Density increased. No constraint.
2	Westside Capitola Ave, Hill Street to Capitola Ct.	15 du/acre	6 du/acre	15 du/acre	No constraint. Single family homes. Keep existing maximum density.
3	900-912 Capitola Ave	15 du/acre	14 du/acre	20 30 du/acre	Density increased. No constraint. Capitola Terrace and 900 Capitola Ave apartments.
4	RM-L area accessed from Hill St.	10 du/acre	10 du/acre	20 du/acre	Density increased. No constraint. Small lot redevelopment opportunities. One unit now allowed on 7,000 sf lot; 3 units at 20 du/acre.
5	Westside Capitola Ave, Hill St. to Pine St.	15 du/acre	15 du/acre	20 du/acre	Density increased. No constraint. Existing duplexes.
6	Hill to Pine Block	15 du/acre	7 du/acre	20 30 du/acre	Density increased. No constraint. Intensification opportunities on lots with single family homes.
7	Rosedale Apartments	15 du/acre	21 du/acre	30 du/acre	Legalize built density. Density increased. No constraint. Large apartment complex. Potential for additional units.
8	Bay Ave Senior Housing	15 du/acre	23 du/acre	30 40 du/acre	Legalize built density. Density increased. No constraint.
9	Westside Capitola Ave, South of Pine St.	15 du/acre	29 du/acre	30 du/acre	Legalize built density. Density increased. No constraint.
10	505 Pine St.	15 du/acre	13 du/acre	20 30 du/acre	Density increased. No constraint. Nine built units. 30 du/acre would allow 15 units on half acre site.
11	Pine/Rosedale/Plum	15 du/acre	7 du/acre	20 30 du/acre	Density increased. No constraint. Small lot redevelopment opportunities. 3 units now allowed on 11,000 sf lot; 7 units at 30 du/acre.
12	501 Plum St.	15 du/acre	38 du/acre	40 du/acre	Legalize built density. Density increased. No constraint.
13	Plum/Rosedale/Bay	15 du/acre	12 du/acre	15 du/acre	Density increased. No constraint. Maintain existing density as buffer/transition to surrounding single family neighborhoods.
14	Center St.	10 du/acre	16 du/acre	20 du/acre	Legalize built density. Density increased. No constraint.
Capitola Village					
1	Village	10 du/acre	17 du/acre	10 du/acre	Maintain existing maximum density due to parking and circulation challenges.
2	221 Central Ave	10 du/acre	50 64 du/acre	40 10 du/acre	Density of existing nonconforming development exceeds new maximum high density limit. Set at maximum density. Maintain existing maximum density due to parking and circulation challenges.
Northwest Area					
1	2050-2114 Wharf Rd	10 du/acre	10 du/acre	15 10 du/acre	Density increased. No constraint. No further development potential due to environmental constraints on site.
2	Cape Bay Colony	10 du/acre	10 du/acre	15 du/acre	Density increased. No constraint. Condominiums — redevelopment unlikely
3	Clares/46 th /Grace	15 du/acre	18 du/acre	30 du/acre	Legalize built density. Apartment properties with intensification potential.
4	Clares/42 nd /46 th /Grace	15 du/acre	17 du/acre	30 du/acre	Density increased. No constraint. Condominiums — redevelopment unlikely
5	Clares/42 nd /Pearson	15 du/acre	14 du/acre	30 du/acre	Density increased. No constraint. Redevelopment potential on lots with single family homes. At 30 du/acre, 4 units possible on 6,000 sf lot.
6	Capitola Gardens	10 du/acre	12 du/acre	30 du/acre	Density increased. No constraint. Large property with potential for additional units.
7	Dakota Apartments	20 du/acre	18 du/acre	30 20 du/acre	Density increased. No constraint. Narrow parcel, additional units unlikely
8	Axford Road	10 du/acre	9 du/acre	15 10 du/acre	Density increased. No constraint. Single family homes part of neighborhood extending into County

9	Landing at Capitola	20 du/acre	18 du/acre	40 du/acre	Density increased. No constraint. Large parcel on Capitola Road close to Mall
10	2205/2215 Wharf Rd	10 du/acre	10 du/acre	20 10 du/acre	Density increased. No constraint. No density increase.
Southwest Area					
1	1505 42 nd Ave	15 du/acre	15 du/acre	20 15 du/acre	Density increased. No constraint. Condominiums — redevelopment unlikely
2	NW Corner Brommer 38 th	15 du/acre	13 du/acre	20 15 du/acre	Density increased. No constraint. Condominiums — redevelopment unlikely
3	NE Corner Brommer 38 th	20 du/acre	12 du/acre	20 du/acre	No constraint. Condominiums — redevelopment unlikely
4	1098 38 th Ave	15 du/acre	27 du/acre	30 du/acre	Match density of approved affordable housing project. Density increased. No constraint.
5	Opal Cliff Drive	15 du/acre	29 du/acre	15 du/acre	Coastal hazards. No density increase.

Public Comment



YIMBY LAW

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2/28/2025

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Re: RM Zoning Districts

Dear Planning Commission,

YIMBY Law is a 501(c)3 non-profit corporation, whose mission is to increase the accessibility and affordability of housing in California. YIMBY Law sues municipalities when they fail to comply with state housing laws, including the Housing Element Law.

YIMBY Law's Housing Element litigation includes actions filed against the cities of Burlingame, Cupertino, Fairfax, Palo Alto, Sausalito, and most recently, Los Angeles. You can read more about our work on our website at yimbylaw.org.

Capitola City staff, including this Council, coordinated with the community to draft its Housing Element. That Element, as submitted to and certified by California HCD, made specific commitments which the City now proposes to ignore. Specifically, Housing Element Program 1.6 committed Capitola to the following:

Review and revise as appropriate, requirements such as the minimum unit size, setbacks, parking requirements, and height restrictions to ensure they are necessary and pertinent and do not pose constraints on the development of housing. This includes assessing the maximum densities

allowed in the RM-L and RM-M zones to determine if higher densities can help facilitate multi-family development in the City.

Program 1.6 is a constraints reduction program. This means for this program to be fulfilled, it requires meaningful reductions to development constraints on ALL RM-L and RM-M zoned sites in order to facilitate feasible housing development. The current proposal would cut over 80% the areas zoned RM-L or RM-M from consideration for this program, instead applying only to 7 sites. Many of the sites to be rezoned already contain multifamily housing greater than 30 units per acre. This proposal does not contain any areas which are zoned for multifamily use but contain only single family homes.

The current proposal also fails to demonstrate that it reduces constraints sufficiently to facilitate feasible development. While the City had proposed even greater density limits than are apparently under consideration now, the City has not produced any evidence that any of the proposed increases in density sufficiently reduce constraints that inhibit feasible development.

California's Housing Element Law requires each city to comply with the programs and zoning amendments set forth in its Housing Element.¹ Deliberately ignoring that Housing Element could render the city non-compliant and open it up to unlimited Builder's Remedy applications, by-passing local zoning entirely.² Moreover, all cities in California bear a statutory duty to take meaningful actions to address racial housing disparities and concentrated areas of poverty.³ The City's Housing Element agreed to measures which could accomplish these goals, but the city's current plan does precisely the opposite, focussing new zoning on areas which already contain dense housing. Those with the least wealth and greatest history of discrimination are due to receive the greatest burden of new development, and with it the greatest risk of displacement. Beyond violating explicit agreements made by city officials, these measures do not further the aim of just, racially conscious housing policy mandated by California law.

Capitola's housing stock is aging, city staff specifically having identified several apartment buildings as suitable for redevelopment or heightened density. The Housing Crisis Act of 2019 (SB 330) requires that when low-income tenants have resided in a housing unit at any time over the previous five years, that those housing units proposed to be demolished as part of a housing project be replaced 1:1 with deed restricted low income housing, and any current low-income tenant be offered right of first refusal to

¹ Ca. Gov. Code § 65754.

² Ca. Gov. Code § 65589.5(d).

³ Cal Gov Code § 8899.50.

occupy a new deed-restricted affordable unit, as well as relocation assistance. Without zoned density that will allow new projects to include market rate units, financing new low-income developments becomes infeasible. According to Capitola's adopted housing element,⁴ "approximately 54% of households in the City have 80% or less of the Median Family Income for Santa Cruz County." Therefore it is reasonable to assume that redevelopment opportunities will require *at least* 54% of the existing housing units to be replaced 1:1 with deed-restricted affordable housing. This is besides the growing need for new low-income units, as established by RHNA requirements separate from SB 330. Without subsidies, including the ability to add significant market-rate unit density to a project, redevelopments that require over half of any proposed demolished housing to be replaced with deed-restricted affordable housing are not financially viable.

If the city expects to reduce constraints on sites like the existing 50-unit, 2.8 acre "Landing at Capitola" site, with replacement unit requirements, we would expect that the city be considering densities in the range of 65-75 du/acre in order to achieve a feasible market-rate development project which accounts for the replacement low-income housing required by SB 330.

We recommend that the city carry out its required program 1.6; it is obligated to fulfill its commitments to zone all RM land to allow for densities that facilitate feasible development. It must also demonstrate that its constraint reduction policies will lead to market rate development.

We urge the City to take its commitments seriously, as well as state housing law. If the city fails to meet its obligations under housing element law, YIMBY Law will not hesitate to take action to enforce them. I am signing this letter both in my capacity as the Executive Director of YIMBY Law, and as a resident of California who is affected by the shortage of housing in our state.

Sincerely,

A handwritten signature in black ink that reads "Sonja Trauss". The signature is written in a cursive, flowing style.

Sonja Trauss
Executive Director
YIMBY Law

⁴ [Capitola 2023-2031 Housing Element p 2-21](#)