

Capitola Planning Commission

Agenda Report



Meeting: March 3, 2025
From: Community Development Department
Subject: Multifamily Residential Zoning

Project Description: Potential amendments to the Multifamily Residential (RM) zoning district and development standards to implement Housing Element Program 1.6.

Recommended Action: Receive update on potential RM zoning district amendments to implement Housing Element Program 1.6 and provide direction on preferred approach to the amendments.

Property Owner: Zoning Code amendments would apply to RM properties citywide.

Representative: Ben Noble Consultant; Sean Sesanto, Associate Planner

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. Many Housing Element programs require amendments to the Capitola Zoning Code (Municipal Code Title 17) by the end of 2024 and 2025.

The Planning Commission discussed Zoning Code Amendments to implement the Housing Element at nine meetings in 2024. Table 1 shows the topics discussed at each meeting. On September 19 and October 3, 2024 the Planning Commission recommended the City Council adopt the proposed Zoning Code Amendments. The City Council adopted the Zoning Code Amendments on October 24, 2024.

Table 1: Planning Commission Meetings

Meeting Date	Primary Discussion Topics
February 1, 2024	Incentives for Community Benefits; Second Story Decks; Second Story Windows; Building Massing; Capitola Character
February 15, 2024	Missing Middle Housing; Alternative Housing Types; Parking; Lot Consolidation; Building Massing
May 2, 2024	Residential Multifamily (RM Zone) Density and Development Standards; Housing on Religious Facilities Sites; Design Permit Process
June 6, 2024	RM Zone Density and Standards
July 23, 2024	Design Review; Lot Consolidation; Replacement Housing; Parking; Special Needs Housing
August 15, 2024	Multifamily Residential (RM) zoning districts; Housing on religious sites; Retail cannabis; Office uses in C zones; "Good standing" provision. The
September 5, 2024	Density Bonus; Office Uses in Commercial Zones; Second story Decks and Balconies; Large Residential Care Facilities; Planned Development Zones; Historic Character – Design Permit Criteria
September 19, 2024	Public hearing on all amendments
October 3, 2024	Public hearing on all amendments

Discussion: The purpose of this agenda item is to provide an overview on the evolution of proposed amendments to the RM zone to date, update the Commission on the February 25 community meeting, and receive direction of the RM amendments from the Planning Commission.

RM Zone Amendments: This topic addresses Housing Element Program 1.6, which calls for the City to assess “the maximum densities allowed in the RM-L and RM-M zones to determine if higher densities can help facilitate multi-family development” in Capitola. Program 1.6 also states that the City will “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.”

As noted in Table 1, the Planning Commission discussed Residential Multifamily (RM Zone) standards on May 2, June 6, and August 15, 2024. At the May 2, 2024, Planning Commission meeting ([click for link to agenda packet](#)), the 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. In response to this information, the Planning Commission noted a general need to consider increased RM densities and requested staff to return with additional information. Planning Commissioners requested information on development standards needed to achieve increased densities and suggested site-specific consideration of changes to density standards.

At the June 6, 2024, Planning Commission meeting ([click for link to agenda packet](#)), the Commission considered increases to maximum allowed density on 38 RM sites. The Planning Commission also considered potential changes to RM height, building coverage and setback standards to allow for increased densities. The Planning Commission requested staff prepare draft Zoning Map and Zoning Code Amendments for further consideration. During this step, site selection was based on physical suitability, natural resources and hazard constraints, and to bring non-conforming multifamily sites that exceed the allowed density into compliance.

At the August 15, 2024, Planning Commission meeting ([click for link to agenda packet](#)) the Commission considered the proposed RM Zoning Code Amendments. The amendments proposed two new RM subzones, RM-30 and RM-40, allowing up to 30 and 40 units per acre respectively. The Planning Commission considered Zoning Map Amendments that increased allowed density on 24 RM sites. The proposed amendments also included standards for height, building coverage and rear setback standards for the new RM-30 and RM-40 subzones to accommodate their maximum allowed densities.

At the August 15, 2024, Planning Commission meeting, residents expressed concerns about the proposed RM amendments, particularly relating to parking, traffic, height, resident displacement, and other neighborhood impacts. The Planning Commission directed staff to remove the RM amendments from the proposed 2024 Zoning Code Amendments. The Planning Commission directed staff to further consider the proposed RM amendments based on the input received, conduct additional public outreach, and return to the Planning Commission for continued discussion in 2025.

In January of 2025, staff updated the review criteria for site selection to ensure the sites could realistically accommodate additional multifamily development. For instance, multifamily condominiums have almost zero likelihood of redeveloping due to the complexity of approvals associated with condominiums and individual owner approval. Staff identified seven areas which could realistically accommodate additional multifamily development using the following criteria:

- **Ownership Pattern.** Single Ownership Only. No Condominiums.
- **Financial Feasibility.** Age and condition of buildings. Duration of investment.
- **Physical Suitability.** Large parcels. Available land for new buildings.
- **Neighborhood Compatibility.** Access from primary roadways. Compatible adjacent uses.
- **Natural Resources and Hazards Constraints.** No sites along coastal bluff or with environmentally sensitive habitat.
- **Non-Conforming.** Correct non-conforming sites (developments which exceed their zoned maximum allowed density) through new written standard rather than rezoning.

The seven areas do not include those identified in 2024 for the purpose of eliminating nonconformities where built densities exceed allowed densities. Staff recommends addressing these nonconformities with new zoning code language allowing RM redevelopment to existing built densities regardless of maximum

allowed density. Alternatively, the Planning Commission could direct staff to increase allowed density in these areas to equal or exceed their built density, as proposed in 2024.

February 25, 2025, Public Workshop: During the community workshop, staff provided context of the City's Housing Element, last year's zoning amendments, and the workshop goals. Background information about the RM amendments was also provided. Staff requested public feedback on the suitability of the seven RM sites for further multifamily development, requested input on several recent multifamily projects in the area, and shared potential standards needed to accommodate development at 30 dwelling unit per acre.

Attachment 1 provides materials made available to residents in advance of the workshop, which identifies the seven RM areas. To provide public notice of the workshop, staff posted notices at the entrance of each RM area, included an announcement in the Capitola Waves e-newsletter, and emailed residents who previously commented on the proposed RM amendments.

Attachment 2 summarizes public comment received at the workshop and contains photographs of the open house posters with comments attached. In general, participants expressed concerns about areas surrounded by lower-density single-family homes, parking, and privacy impacts. Some participants also noted value in landscaped open areas, private outdoor spaces such as balconies, and the positive impact of some architectural features and styles. Workshop feedback will be discussed further during the March 3 presentation.

Requested Planning Commission Input: Housing Element Program 1.6 requires the City to assess the maximum densities allowed in the RM zones and to determine if higher densities can help facilitate multifamily development in Capitola. Staff requests Planning Commission input on RM areas to consider for increased allowed density. Staff recommends focusing on areas that can realistically accommodate additional multifamily development as presented at the February 24, 2025, community workshop. Alternatively, the Planning Commission could direct staff to proceed with increasing the allowed density in a greater number of RM areas, similar to the RM amendments considered by the Planning Commission in 2024.

Staff also requests Planning Commission input on the maximum density to allow in RM areas and the development standards to accommodate this density. On February 25, 2025, staff presented the table below which shows development standards to accommodate up to 30 units per acre. Alternatively, the Planning Commission could recommend allowing additional density in RM areas, potentially up to 40 units per acre as considered by the Planning Commission in 2024.

Table 2: Existing and Proposed New RM Development Standards

	Existing			Potential New
	RM-L	RM-M	RM-H	
Density (max)	10 du/ac	15 du/ac	20 du/ac	30 du/ac
Height (max)	30 ft.	30 ft.	35 ft.	35 ft. [1]
Building Coverage (max)	40%	40%	40% 45%	50%
Setbacks (min)				
Front	15 ft.	15 ft.	15 ft.	15 ft. [2]
Interior Side	10% of lot width [3]	10% of lot width [3]	10% of lot width [3]	10% of lot width [3] [4]
Street Side	10 ft.	10 ft.	10 ft.	10 ft. [2]
Rear	15% of lot depth	15% of lot depth	15% of lot depth 15 ft.	10 ft.

[1] Additional 6 feet permitted above plate height for roof elements with a minimum 5:12 pitch. Maximum 3 stories.

[2] The planning commission may approve reduced front and street side setbacks if the reduced setbacks will accommodate development that complies with sidewalk and street tree standards in 17.82.040 (Circulation and Streetscape).

[3] In no case less than 3 feet or greater than 7 feet.

Next Steps: Staff will prepare RM Zoning Code amendments for Planning Commission review in spring of 2025. The Planning Commission and City Council will hold public hearings to consider adoption of the RM amendments in spring or summer of 2025.

CEQA: Analysis of potential environmental impacts from increased residential densities will be provided as part of public review of the proposed Zoning Code and Zoning Map amendments.

Attachments:

1. February 25, 2025, Community Workshop Materials
 - a. February 25, 2025, Community Workshop Summary
 - b. February 25, 2025, Community Workshop Transcribed Notes
 - c. February 25, 2025, Community Workshop Posters
2. RM Density Summary Table
3. Public Comments Received for March 3, 2025, Planning Commission Meeting
4. Public Comments Received for August 15, 2024, Planning Commission Meeting

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Reviewed By: Rosie Wyatt, Deputy City Clerk

Approved By: Katie Herlihy, Community Development Director