

# Capitola Planning Commission

## Agenda Report



**Meeting:** October 2, 2025

**From:** Community and Economic Development Department

**Subject:** Capitola Mall Zoning Code Amendments

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**Project Description:** Capitola Mall Zoning Code Amendments Work Session

**Recommended Action:** Receive report and provide feedback

**Representative:** Ben Noble, Consultant

Katie Herlihy, CED Director

**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 and deadlines to implement Housing Element policies.

Housing Element Program 1.7 calls for the City to amend the Zoning Code by the end of 2025 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 FAR calculations for mall redevelopment
- Adopt objective development standards to facilitate mall redevelopment

Zoning Code amendments to implement Program 1.7 need to allow for a realistic development capacity of 1,777 units on the Capitola Mall site, as identifies in the Housing Element sites inventory.

The Capitola General Plan contains 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.

On September 11, 2025, the City Council approved a work program to prepare Zoning Code Amendments for Capitola Mall site pursuant to Program 1.7. Figure 1 below shows the process and schedule to prepare these amendments.

**Figure 1: Capitola Mall Zoning Code Amendments Process and Schedule**

	2025				2026
	Sept	Oct	Nov	Dec	Jan
Planning Commission Work Session 1		X			
Stakeholder Meetings		X			
Community Workshop		X			
Amendments Outline		X			
Planning Commission Works Session 2		X			
Staff Review Draft Amendments			X		
Public Review Draft Amendments			X		
Planning Commission Hearing			X		
City Council Adoption Hearing				X	
City Council Second Reading*					X

\*Minimum 60 days after ordinance publication

Staff anticipate the Zoning Code Amendments will include changes to chapters 17.24 (Commercial and Industrial Zoning District), 17.76 (Parking and Loading), 17.82 (Objective Standards for Multifamily and Mixed-use Residential Development) and 17.88 (Incentives for Community Benefits).

**Discussion:** The Capitola Mall zoning code amendments will apply to the entire Capitola Mall property, as shown in Figure 2. The Capitola Mall property is 46 acres in size, with 14 separate parcels and seven different property owners. Merlone Geier Partners (MGP) is the major property owner, controlling the enclosed spine of the mall, Kohl's building, and former Takara and Sears buildings (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 pandemic.

**Figure 2: Capitola Mall**



The Capitola Mall property is zoned Regional Commercial (C-R) and is currently 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 floor area ratio (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, façade, and roof design.

The Capitola Mall zoning code updates will need to amend existing standards and add new standards to address design considerations that are unique to the type and scale of development expected on the Capitola Mall property. As discussed below, these unique design considerations relate to site layout and circulation, publicly accessible open space, parking, building massing, façade composition, and ground-floor residential frontages.

**Site Layout and Circulation:** The Capitola Mall site is 46 acres in size with seven different property owners. Redevelopment will require new internal streets, public open spaces, and pedestrian and bicycle infrastructure connecting new and existing buildings. Buildout will need to be coordinated over time with redevelopment occurring over multiple phases. General Plan Policy LU-8.1 calls for the City to encourage a phased approach to redevelopment of the Mall and to ensure that early improvements do not conflict with the ultimate vision for the property.

For these reasons, the Capitola Mall zoning code amendments may need to be updated to include the following new standards to address site layout and circulation considerations:

- Location of new streets intersecting the property boundary
- Required internal street connectivity (no dead-ends)
- Required internal pedestrian and bike connectivity

- Maximum block lengths
- Required mid-block pedestrian connections where new streets are not possible or desirable

Publicly Accessible Open Space: General Plan Policy LU-8.4 calls for the City to “encourage the establishment of public gathering places on the Mall property—such as outdoor dining and courtyards—that provide space for people to informally meet and gather.” The City does not have an existing standard that requires development to include publicly accessible open space, although this could be required for projects with a land division. The Zoning Code does not have objective standards for the design of publicly accessible open space either. Existing standards for private and shared open space for multifamily development currently applies only in the RM zone. For these reasons, the Capitola Mall zoning code amendments may need to be updated to include new standards to address publicly accessible open space considerations, such as:

- Minimum total amount of publicly accessible open space
- Minimum size for each open space area provided
- Location of open space areas on property
- Connectivity of open space to adjacent development and the property boundary
- Open space design features and amenities

Parking: The City’s existing objective standards include parking standards to support a pedestrian-friendly streetscape, minimize the visual dominance of parking facilities, and encourage residents to walk, bike, and take transit to destinations. Existing standards address parking placement and design considerations for surface parking lots, garages serving individual units, and podium parking structures.

Capitola Mall redevelopment will need to consider parking design issues that are not fully addressed in existing standards. For example, new surface parking is not expected, but existing surface parking may remain. New buildings may include multiple levels of podium parking or wrapped parking where structured parking in the middle of a building is surrounded by apartment units. For these reasons, the Capitola Mall Zoning Code Amendments may need to include the following new standards to address building massing considerations:

- Standards for continued use of existing surface parking lots
- Design standards for new dedicated parking structures
- Standards for podium and wrap structured parking, including entry locations and width, visibility and screening, and requirements to lining public-facing ground level with active residential or commercial uses

Building Massing: The City’s existing objective standards include building massing standards that intend to “provide for human-scale and pedestrian-friendly building massing where large buildings are broken into smaller volumes that fit into the surrounding neighborhood.” Section 17.82.070.B.1 requires street-facing building facades 25 feet or more in length to incorporate a building projection or recess (e.g., wall, balcony, or window) at least 2 feet in depth. Buildings that exceed 50 feet in length along a street facade must provide a prominent recess (minimum 8 ft. by 15 ft.) at intervals of 50 feet or less.

These existing massing standards may not be appropriate or sufficient for Capitola Mall redevelopment due to dimension of new building footprints, maximum allowed heights, length of parcel frontages along 41<sup>st</sup> Avenue and Capitola Avenue, and buildings fronting new internal streets and public spaces. For these reasons, the Capitola Mall Zoning Code Amendments may need to include the following new standards to address building massing considerations, particularly for buildings that front 41<sup>st</sup> Avenue and Capitola Road:

- Maximum building lengths
- Stepped building heights
- Modulation standards to prevent monotonous repetition
- Larger major massing breaks

**Façade Composition:** The City's existing objective standards include façade design standards that intend to "create street-facing building facades that are varied and interesting with human-scale design details" and "incorporate architectural elements that reduce the perceived mass and box-like appearance of buildings." Section 17.82.080.B.3 requires each street-facing side of a building to incorporate at least two façade design strategies to create visual interest (e.g., projecting windows, balconies).

The type and scale of buildings anticipated in Capitola Mall redevelopment projects raise façade design issues not contemplated by the existing objective standards. For example, longer residential-only buildings up to eight stories could result in monotonous repetition of building elements along street frontages. For this reason, the Capitola Mall zoning code amendments may need to include a new standard that requires distinct façade compositions for building facades facing a public frontage. The longer the building, the greater the number of distinct facades required with a minimum percentage of the overall façade area required for each distinct façade composition.

**Ground-Floor Residential Frontages:** Zoning Code Section 17.24.040 establishes standards for mixed-use development in the C-R zone to "promote successful mixed-use development that is pedestrian-friendly and contributes to the vitality of commercial districts in Capitola." Many of these standards concern the design of ground-floor commercial frontages in vertical mixed-use buildings. These standards address maximum blank wall areas, maximum store front widths, minimum transparency, and minimum ground-floor height. Chapter 17.82 contains standards for ground-floor residential and commercial frontages, with standards for entrance orientation, entry design, blank walls, and frontage landscaping.

Existing ground-floor frontage standards address design issues particular to vertical mixed-use buildings, townhomes, and apartment buildings on small infill parcels fronting a public street. Capitola Mall redevelopment may include building types not contemplated by these existing standards, including large-footprint residential-only apartments fronting internal public spaces, as well as public streets. For these reasons, the Capitola Mall zoning code amendments may need to include new standards ground-floor frontage design for residential-only apartment buildings fronting a variety of contexts, including 41st Avenue and Capitola Road, new internal streets and pedestrian pathways, and public open spaces.

**Economic Development:** As previously mentioned, Housing Element Program 1.7 calls for the City to define "mall redevelopment" to mean a mix of uses that includes residential and retail/commercial components. The Capitola Mall property is zoned Regional Commercial (C-R) and has played a central role in providing tax generating revenues for the City for decades. As part of the current updates, the City will evaluate the economics associated with redevelopment of the mall properties and ensure the outcome of the zoning code amendments is economically beneficial to both the developer and the City.

**REQUESTED FEEDBACK:** At the October 2, 2025, meeting, staff will present images from example development to illustrate the unique design considerations and potential new standards for Capitola Mall redevelopment. Staff will request feedback on the following questions:

1. Which unique design considerations are most important? Are there additional design considerations that staff should address when preparing the Capitola Mall Zoning Code Amendments?
2. Which potential new standards to address these design considerations are most important? Are there standards that should not be included?
3. Are there aspects of example development projects (to be presented at meeting) that you particularly like or don't like? Are there design features you would like to see in Capitola?
4. Do you have any other comments on the Capitola Mall Zoning Code Amendments to share at this time?

**NEXT STEPS:** City staff will hold a community workshop on October 8, 2025, at 6 pm at New Brighton Middle School to receive public input on the Capitola Mall zoning code amendments. City staff will then prepare a detailed description of proposed zoning code amendments for Planning Commission feedback at a special meeting on October 30, 2025. Utilizing the feedback received on October 30<sup>th</sup>, staff will prepare draft zoning code amendments for Planning Commission consideration at a special meeting in mid to late November of 2025 (date to be determined).

**RELEVANT PLANNING EFFORTS:** Within the FY 25/26 budget, the City Council authorized staff to initiate a 41<sup>st</sup> Avenue Corridor Plan, a comprehensive planning effort to reimagine the future of the 41st Avenue Corridor. This project will result in a long-term Corridor Plan that supports mobility improvements, economic vitality, housing growth, and a stronger sense of place for residents, businesses, and visitors.

Key focus areas of the Corridor Plan include:

- **Multimodal Mobility:** Enhancing the corridor to better serve pedestrians, cyclists, transit users, and vehicles through safer, more accessible, and efficient street design.
- **Placemaking and Identity:** Establishing a cohesive visual identity for the corridor through branding, landscaping, public art, and amenities that create a welcoming, vibrant environment.
- **Public Spaces and Greenspaces:** Incorporating opportunities for gathering spaces, landscaping, and other urban amenities that foster community connection and improve quality of life.
- **Safety and Accessibility:** Improving lighting, crossings, signage, and wayfinding for all users.
- **Supporting Housing and Mixed-Use Development:** Aligning the plan with the City's 2024 Housing Element to accommodate future growth while maintaining commercial vitality.

The City has retained SWA, an urban design and planning firm with extensive experience in corridor planning, to lead this effort. Over the coming months, the City will work closely with the community to develop a high-level concept plan that will serve as a blueprint for revitalizing the corridor over the next decade.

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