

Capitola City Council

Agenda Report



Meeting: August 22, 2024

From: Community Development Department

Subject: Coastal Commission Recommended Modifications to Capitola Zoning Code: Monarch Cove Inn

Recommended Action: Adopt a resolution accepting the California Coastal Commission modifications to amendments to the City of Capitola General Plan Map, Zoning Map, Municipal Code Chapter 17.28 Visitor Serving Overlay Zones, and removal of Municipal Code Chapter 17.30 Visitor Serving District - Monarch Cove Inn.

Background: In 2020, the City of Capitola adopted a comprehensive update to the Zoning Map, Zoning Code, General Plan, and Local Coastal Program. This update also included amendments specific to the Monarch Cove Inn properties, which are within the coastal zone. During the comprehensive update, the owners of the Monarch Cove Inn approached the City requesting the property be rezoned due to the lack of support for the redevelopment of the historic Monarch Cove Inn, related economic challenges of current operations, and their desire to retire from the bed and breakfast industry.

The Monarch Cove Inn properties are the only properties in the City designated with base zoning Visitor Serving (VS). The 2020 comprehensive amendments proposed a change in the base zone from VS to Single Family Residential (R-1), with a Visitor Serving overlay. The proposed amendments include a requirement for a coastal access easement to a viewpoint, should the owner decide to no longer operate the inn.

At its April 15, 2021 meeting, the Coastal Commission certified most of the City's proposed comprehensive amendments, but specifically excluded all changes related to the Monarch Cove Inn properties. At the meeting, Coastal Commission staff recommended the Commission decline to support the proposed policy changes to the Monarch Cove Inn property. The Monarch Cove Inn generated extended and specific discussion. During discussion, several Coastal Commissioners were receptive to the request to change the zoning, and no Commissioners declared opposition. Coastal Commission staff maintained their position and noted loss of Visitor Serving resources, iconic views, and lack of replacement resources as justification for maintaining the property's base zone as Visitor Serving. Ultimately, discussion concluded with the Commission advising the Monarch Cove Inn owner and the City to bring the proposed changes to the Monarch Cove Inn properties for separate consideration.

On June 6, 2021, the Monarch Cove Inn owner filed an application with the City of Capitola for Zoning, General Plan, and Local Coastal Program amendments to initiate separate consideration as advised by the Coastal Commission. Their initial application maintained the same approach that the City had previously submitted to the Commission - changing the Visitor Serving (VS) base zone to an R-1 base zone with a Visitor Serving Overlay. The stipulation for coastal access to a viewpoint was also included.

On October 20, 2022, the Planning Commission unanimously recommended the City Council approve the proposed changes.

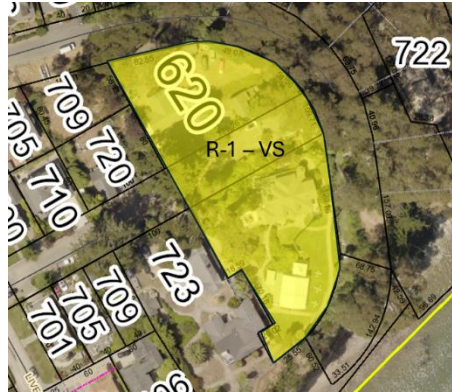
On November 10, 2022, the City Council adopted a resolution approving the proposed amendments to the Zoning Map, Zoning Code, and LCP. Staff then submitted the amendments to the Coastal Commission for certification.

Discussion: Between November 2022 and May 2024 there were extensive discussions between City staff, Coastal Commission staff, and the Monarch Cove Inn owners. Ultimately, these interactions resulted in an agreed-upon alternative to the original proposal, which was then forwarded to the Coastal Commission with a staff recommendation of approval.

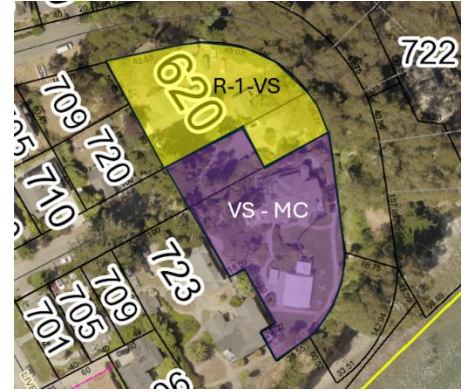
In their analysis, Coastal Commission staff made the distinction that the primary Monarch Cove Inn buildings and uses are situated on the seaward side of the site, while the landward side has some undeveloped areas and is otherwise used for parking and hotel-support uses. After making this distinction, Coastal Commission staff and the property owner discussed a compromise that would split the site for purposes of zoning. The landward side would become an R-1 base zone with a Visitor Serving overlay, as was originally proposed by the City and property owner; and the seaward side would remain a Visitor Serving only property. The maps below show the existing and proposed zoning.



Existing Zoning



City Council Approved 2022



Coastal Commission Modification

Parking and Access: Parking for the Monarch Cove Inn is anticipated to be relocated/modified to remove parking from the landward side to the seaward side of the property. There is also a requirement for a public access easement from El Salto Drive to the existing right of way to the east of the Monarch Cove Inn.

On May 9, 2024, the Coastal Commission conditionally certified the alternative policy changes, as agreed upon by the property owner and Coastal Commission staff. Since the alternative is different than the draft adopted by the City in November 2022, it requires final acceptance by City Council prior to taking effect.

Staff recommends the City Council accept the Coastal Commission modifications. Ultimately, the proposal will do the following:

1. Change the Zoning and General Plan designations on the landward side of the properties to R-1 with a Visitor Serving Overlay. This change allows the owner flexibility in managing the estate to continue the existing use of the property with managed nightly rentals and/or to pursue single-family development consistent with the surrounding neighborhood.
2. Retain the seaward side of the properties for the core buildings and uses associated with the Monarch Cove Inn and maintain its status as a visitor serving resource with a public access easement to a viewpoint with a modified parking lot.

CEQA: The City found the Zoning Code and General Plan Land Use Map Amendments exempt from the requirements of CEQA pursuant to CEQA Guidelines Sections 15061(b)(3), the commonsense exception. In addition, pursuant to CEQA Guidelines section 21080.9, local government actions necessary for the preparation and adoption of a local coastal program are exempt from CEQA. Consistent with this provision, the Coastal Commission found that there were no other feasible alternatives or mitigation measures under the meaning of CEQA which would further reduce the potential for significant adverse environmental impacts, and the LCP amendment recommended by the Commission conforms with CEQA. Further, the proposed revisions to the amendments have no potential to cause a significant effect on the environment. For these reasons, the proposed revisions are exempt from CEQA.

Fiscal Impact: There is no fiscal impact associated with the Coastal Commission modifications.

Attachments:

1. Resolution Accepting Coastal Commission Modifications with Code Text and Map exhibits

2. CA Coastal Commission Post-Hearing Letter May 10, 2024
3. CA Coastal Commission staff report – May 9, 2024

Report Prepared By: Brian Froelich, Senior Planner

Reviewed By: Julia Gautho, City Clerk

Approved By: Jamie Goldstein, City Manager