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**ADOPTED**

Th13a

Prepared April 19, 2024 for May 9, 2024 Hearing

To: Commissioners and Interested Persons

From: Kevin Kahn, Central Coast District Manager
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**Subject: City of Capitola LCP Amendment Number LCP-3-CAP-22-0061-2-Part B
(Monarch Cove Inn Site Redesignation)**

SUMMARY OF STAFF RECOMMENDATION

The City of Capitola is proposing to make changes to its Local Coastal Program (LCP) Land Use Designation Map, which is a component of the LCP's Land Use Plan (LUP), as well as the LCP's Zoning Code Map and portions of the Zoning Code text, which are components of the LCP's Implementation Plan (IP), in relation to the Monarch Cove Inn, formerly known as the El Salto Resort. The Monarch Cove Inn site (of which there remain three parcels) is currently zoned VS (Visitor-Serving) with a corresponding visitor-serving land use designation and the City-proposed amendment would convert the entire site to be zoned R-1 (single-family residential) with a visitor-serving (VS) overlay and a corresponding single-family residential land use designation. In other words, the amendment seeks to facilitate the conversion of the site's existing overnight accommodations to residential uses.

The Monarch Cove Inn site is located at the downcoast end of the City's Depot Hill area, itself just downcoast from Capitola Village, and it sits atop 80-foot-tall coastal bluffs overlooking Monterey Bay. The project site is the last visitor-serving overnight accommodation in the area, and it dates back to the late 1800s when it was used as a summer retreat for English families. The property went through various changes over the decades, including diminishing in size as sections were sold off or lost to fires, but it has generally remained in its current state since the current owners acquired the property in 1989. The site consists of a 11-room bed and breakfast inn, comprised of a 9-room Victorian house, two separate stand-alone cottages with one-bedroom suites, an outdoor deck area (used for weddings, etc.), office and storage buildings, two small parking lots, a public walking trail (that winds through the property and along the coastal bluff), and open space areas. The property has a long history of operating as overnight accommodations, both before and since adoption of the Coastal Act, and offers a unique visitor-serving experience with sweeping views of the Monterey Bay. However, in recent years, the financial feasibility of operating the bed and breakfast at the site has been called into question (and several attempts at major development upgrades have

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been met with neighborhood opposition) and the owners have sought to convert the entire site to residential uses.

The City sought to change both the land use and zoning designations at the site to better facilitate residential uses when the City's IP underwent a comprehensive update in 2021. However, Commission staff recommended the Commission not certify such designation changes at that time, as doing so would be inconsistent with applicable Coastal Act provisions that prioritize public recreational access and visitor-serving accommodation uses, including specifically oceanfront properties such as this one. Such a conversion would result in the loss of an exceptionally unique offering that is open and available to the general public for overnight accommodations use. At that time, Commissioners were interested in understanding whether a different balancing between visitor-serving overnight accommodations uses and residential uses could be identified for the Monarch Cove Inn site, one that didn't completely change the site to residential uses, and thus the Monarch Cove Inn provisions were removed from the Commission's amendment approval, and the Commission directed staff to work with the City and the property owners to come up with other alternative solutions.

And while the City's proposed amendment is essentially a redo of that which was proposed in 2021, all parties have worked together since the City's submittal to craft an amendment that more appropriately balances visitor-serving and residential needs given the unique context of this site. The site is large, comprised of some 52,000 square feet spread across three separate parcels, with the majority of the visitor-serving components on the seaward parcel. Thus, in analyzing this unique site holistically, it is apparent that the majority of coastal resources and visitor-serving amenities are contained on the seaward-most parcel, including sweeping views of the sea, public walking trails (including to the monarch butterfly grove along the downcoast side of the property), and the overnight accommodations (mostly contained in the large Victorian-era house). In contrast, the most landward parcel mainly contains storage and support services (such as office space) for the Inn, and the middle parcel contains the only ingress/egress to the site and provides parking spaces for both overnight and day-use visitors, and thus provides an important connection point to access the visitor-serving resources on the site. While additional overnight accommodation units and the Inn's storage/office are critical to support the Inn itself and ongoing visitor-serving use of the seaward-most parcel, the storage and office space can likely be reimaged and reconfigured onto the seaward parcel.

Staff is therefore recommending a number of modifications to the proposed amendment to preserve the seaward parcel and a portion of the middle parcel under a visitor-serving zoning designation with a corresponding visitor-serving land-use designation, while converting the landward parcel and a portion of the middle parcel to a residential zoning/land-use designation with a visitor-serving overlay. This change is approvable in that it appropriately provides for a mix of uses, including additional residential uses on the landward property at a similar scale and character to the nearby residences, but also importantly protecting the numerous visitor-serving resources for the public on the seaward property. Suggested modifications are thus included to effectuate this mix, including with policy language that also protects the site's trail connections, ingress/egress, and overall compatibility between residential and visitor-serving uses at

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the site and nearby neighborhood. Importantly, and based on a thoughtful collaboration, City staff and the Monarch Cove Inn property owners are in agreement with and amenable to such modifications.

In conclusion, staff thanks the City and property owners for helping craft a mutually agreeable amendment that respects the Coastal Act and LUP, and can provide some finality to the land use questions at this site, including providing for the residential uses the owners seek and the visitor-serving uses the Coastal Act and LUP protect for the visiting public. With the suggested modifications, the LUP would conform to the Coastal Act and the IP would be consistent with and adequate to carry out the LUP, which are, respectively, the standards of review. Accordingly, staff recommends that the Commission approve the amendment with the identified suggested modifications. The required motions and resolutions are found on pages **5-6** below.

Staff Note: LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on March 20, 2024. The proposed amendment affects both the LUP and IP components of the LCP, and the 90-working-day action deadline is July 29, 2024. Thus, unless the Commission extends the action deadline (it may be extended by up to one year), the Commission has until July 29, 2024 to take a final action on this LCP amendment.

Therefore, if the Commission fails to take a final action in this case (e.g., if the Commission instead chooses to postpone/continue the LCP amendment consideration), then staff recommends that, as part of such non-final action, the Commission extend the deadline for final Commission action on the proposed amendment by one year. To do so, staff recommends a YES vote on the motion below. Passage of the motion will result in a new deadline for final Commission action on the proposed LCP amendment. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Alternative Time Extension Motion: I move that the Commission extend the time limit to act on City of Capitola Local Coastal Program Amendment Number LCP-3-CAP-22-0061-2-Part B to July 29, 2025, and I recommend a yes vote.

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EXHIBITS

- Exhibit 1: Project Site Map
- Exhibit 2: Project Site Photos
- Exhibit 3: Proposed Land Use Designation Changes
- Exhibit 4: Proposed Zoning Map Designation Changes and IP Text

CORRESPONDENCE

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1. MOTIONS AND RESOLUTIONS

Staff recommends that the Commission, after public hearing, approve the proposed LUP and IP amendments with suggested modifications. The Commission needs to make two motions on the LUP amendment and two motions on the IP amendment in order to act on this recommendation. In each case, the proposed amendment in each category needs to first be denied, and then approved if modified, to complete the staff recommendation.

A. Deny the LUP Amendment as Submitted

Staff recommends a **NO** vote on the following motion. Failure of this motion will result in denial of the LUP amendment as submitted and adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the appointed Commissioners.

***Motion:** I move that the Commission certify Land Use Plan Amendment LCP-3-CAP-22-0061-2-Part B as submitted by the City of Capitola, and I recommend a no vote.*

***Resolution to Deny:** The Commission hereby denies certification of Land Use Plan Amendment LCP-3-CAP-22-0061-2-Part B as submitted by the City of Capitola and adopts the findings set forth below on the grounds that the Land Use Plan Amendment as proposed does not conform with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan Amendment would not comply with the California Environmental Quality Act because there are feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Land Use Plan Amendment may have on the environment.*

B. Certify the LUP Amendment with Suggested Modifications

Staff recommends a **YES** vote on the following motion. Passage of the motion will result in certification of the LUP amendment with suggested modifications and adoption of the following resolution and findings. The motion to certify with suggested modifications passes only upon an affirmative vote of the majority of the appointed Commissioners.

***Motion:** I move that the Commission certify Land Use Plan Amendment LCP-3-CAP-22-0061-2-Part B for the City of Capitola if it is modified as suggested in this staff report, and I recommend a yes vote.*

***Resolution to Certify:** The Commission hereby certifies Land Use Plan Amendment LCP-3-CAP-22-0061-2-Part B for the City of Capitola if modified as suggested and adopts the findings set forth below on the grounds that the Land Use Plan Amendment with suggested modifications will meet the requirements of and be in conformity with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan Amendment if modified as suggested complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the plan on the environment, or 2) there*

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are no further feasible alternatives or mitigation measures that would substantially lessen any significant adverse impacts which the Land Use Plan Amendment may have on the environment.

C. Deny the IP Amendment as submitted

Staff recommends a **YES** vote on the motion below. Passage of this motion will result in rejection of the Implementation Plan amendment as submitted and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion: *I move that the Commission reject Implementation Plan Amendment LCP-3-CAP-22-0061-2-Part B as submitted by the City of Capitola, and I recommend a yes vote.*

Resolution to Deny: *The Commission hereby denies certification of LCP Amendment Number LCP-3-CAP-22-0061-2-Part B as submitted by the City of Capitola and adopts the findings set forth below on grounds that the Implementation Plan Amendment as submitted does not conform with, and is inadequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Plan Amendment would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Plan Amendment as submitted.*

D. Certify the IP Amendment with Suggested Modifications

Staff recommends a **YES** vote on the motion below. Passage of this motion will result in certification of the Implementation Plan amendment with suggested modifications and the adoption of the following resolution and findings. The motion to certify with suggested modifications passes only by an affirmative vote of a majority of the Commissioners present:

Motion: *I move that the Commission certify LCP Amendment Number LCP-3-CAP-22-0061-2-Part B as submitted by the City of Capitola if it is modified as suggested in this staff report, and I recommend a yes vote.*

Resolution to Certify: *The Commission hereby certifies LCP Amendment Number LCP-3-CAP-22-0061-2-Part B, if modified as suggested, and adopts the findings set forth below on grounds that the Implementation Plan Amendment with the suggested modifications conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Plan Amendment if modified as suggested complies with the California Environmental Quality Act, because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the plan on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts on the environment.*

2. SUGGESTED MODIFICATIONS

The Commission hereby suggests the following modifications to the proposed Land Use Plan (LUP) amendment, which are necessary to make the requisite Coastal Act findings, and the proposed Implementation Plan (IP) amendment, which are necessary to make the requisite LUP consistency findings. If the City of Capitola accepts the suggested modifications within six months of Commission action (i.e., by November 9, 2024), by formal resolution of the City Council, the modified amendment will become effective upon the Executive Director's notifying the Commission that this acceptance has been properly accomplished. Text in underline and ~~cross-out~~ format denotes proposed text to be added/deleted by the City, and text in double underline and ~~double cross-out~~ format denotes proposed text to be added/deleted by the Commission.

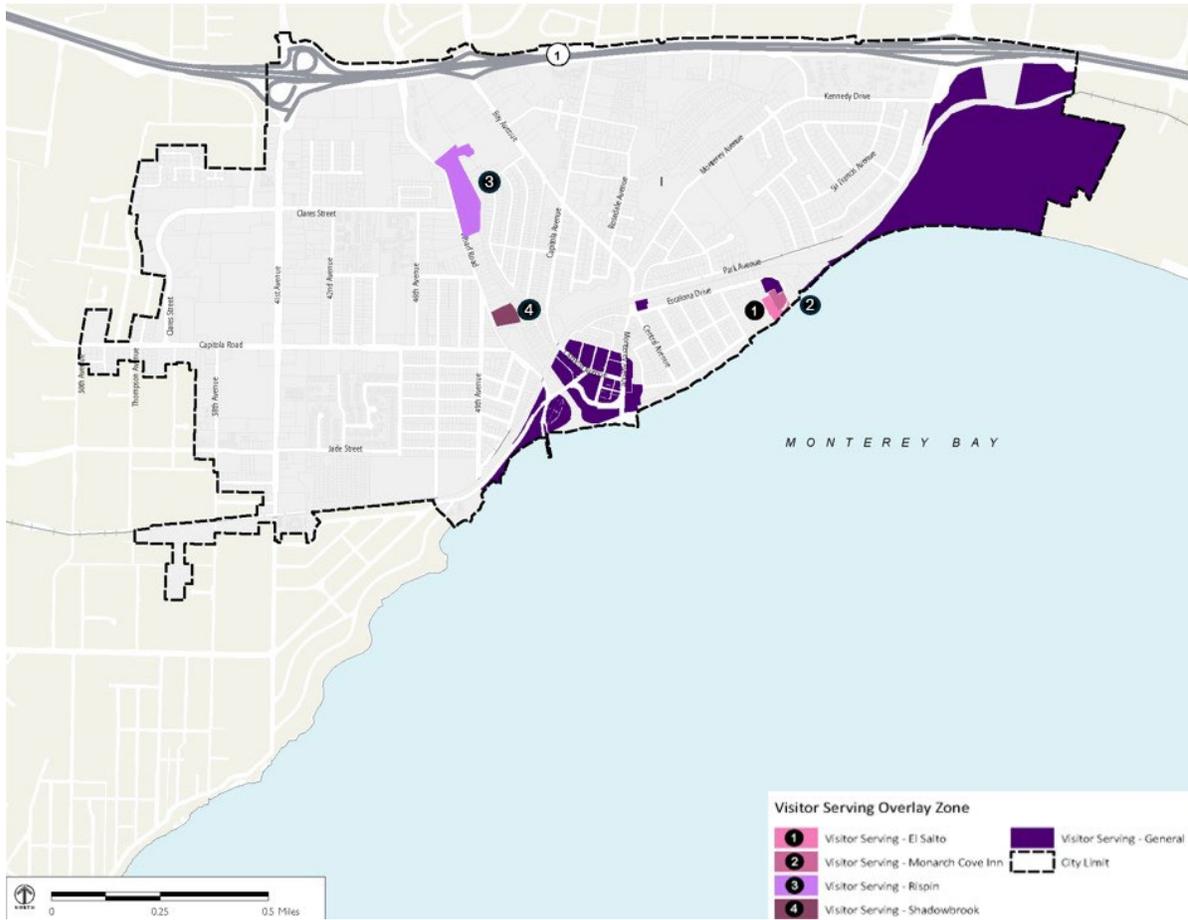
- 1. LUP Map Changes.** Modify the proposed LUP Land Use Designations Map for the seaward Monarch Cove Inn parcel (APN 036-143-31) and a portion of the middle parcel (APN 036-142-28) (as shown in **Exhibit 3**) from an R-1 (Single-Family Residential) land use designation with a VS (Visitor-Serving) overlay to a VS (Visitor Serving) land use designation with a VS (Visitor-Serving) overlay.
- 2. IP Map Changes.** Modify the proposed IP Zoning Map for the seaward Monarch Cove Inn parcel (APN 036-143-31) and a portion of the middle parcel (APN 036-142-28) from an R-1 (Single-Family Residential) zoning designation with a VS (Visitor-Serving) overlay to a VS (Visitor-Serving) zoning designation with a VS (Visitor-Serving) overlay (as shown in **Exhibit 4**).
- 3. IP Text Changes.** Modify proposed IP Sections 17.28.010(B)(3) and 17.28.010(B)(4) as follows:

17.28.010(B)(3): Visitor Serving – Monarch Cove Inn (VS-MC). Applies to the Monarch Cove Inn site (APNs 036-143-31 & 036-142-27) and the portion of parcel 036-142-28 that is located between the two Monarch Cove Inn parcels and the southwestern portion of APN 036-142-28 as depicted in Figure 17.28-1. The VS zoning overlay designation on the Monarch Cove Inn site acts as both the base zoning district and an overlay district (i.e., the permitted land uses identified in Table 17.28-1 are the only permitted land uses allowable on the site and the applicable land use regulations and development standards are limited to those identified in this chapter).

17.28.010(B)(4): Visitor Serving – General (VS-G). Applies to all other parcels with a visitor serving subzone overlay designation including the residentially zoned parcels formerly associated with the Monarch Cove Inn (comprised of APN 036-142-27 and the northeastern portion of APN 036-142-28 as depicted in Figure 17.28-1). The -VS zoning overlay designation on the Inn at Depot Hill site (APNs 036-121-38 and 036-121-33) acts as both the base zoning district and an overlay district (i.e., the permitted land uses identified in Table 17.28-1 are the only permitted land uses allowable on the site and the applicable land use regulations and development standards are limited to those identified in this chapter).

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4. IP Map Changes. Modify “Figure 17.28-1: Visitor Serving Districts” as follows:



5. IP Table 17.28-1 changes. Modify Table 17.28-1 as follows:

TABLE 17.28-1: PERMITTED LAND USES IN THE VISITOR SERVING OVERLAY ZONE

Key P Permitted Use M Minor Use Permit required C Conditional Use Permit required - Use not allowed	-VS Subzones					Additional Regulations
	VS-G	VS-R	VS-SB	<u>VS-MC</u>	VS-ES	
Residential Uses						
Employee Housing	C [1]	-	-	<u>-C</u>	-	
Multifamily Dwellings	C [2][11]	-	-	-	C [2]	
One Caretaker Unit for On-Site Security	C	C	C	<u>C</u>	C	
Single-Family Dwellings	C [3][11]	-	-	<u>-C [3][12]</u>	C [3]	
Public and Quasi-Public Uses						
Community Assembly	C	C	-	-	-	
Cultural Institutions	C	C	-	-	-	
Day Care Centers	C	-	-	-	-	

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<i>Habitat Restoration and Habitat Interpretive Facilities</i>	C	C	C	<u>C</u>	-	
<i>Parks and Recreational Facilities</i>	C	C	-	<u>C</u>	-	
<i>Public Parking Lots</i>	C	C	-	=	-	
<i>Public Paths and Coastal Accessways</i>	C	C	C	<u>C</u>	C	
<i>Public Safety Facilities</i>	C	-	-	=	-	
<i>Public Wharfs</i>	C	-	-	=	-	
<i>Schools, Public or Private</i>	-	-	-	=	-	
Commercial Uses						
<i>Business Establishments that Provide Commercial Places of Amusement or Recreation, Live Entertainment, or Service of Alcoholic Beverages</i>	C [4]	C [4]	C	=	-	
<i>Business Establishments that Sell or Dispense Alcoholic Beverages for On-Site Consumption</i>	C	C	C	<u>C</u>	-	
<i>Restaurants</i>						
<i>Full Service</i>	C [5]	C [5]	C [5]	=	-	
<i>Lodging</i>						
<i>Hotels, Inns, Bed and Breakfast, and Hostels</i>	C	C	-	<u>C</u>	C	
<i>Campgrounds [6]</i>	C	-	-	=	-	
<i>Recreational Vehicle Parks</i>	C	-	-	=	-	
<i>Vacation Rentals with onsite manager</i>	C [12]	-	-	<u>C</u> [12]	-	
<i>Utilities, Major</i>	C	C	C	<u>C</u>	C	
<i>Utilities, Minor</i>	P	P	P	<u>P</u>	P	
<i>Wireless Communications Facilities</i>	See Chapter 17.104					
Other Uses						
<i>Access Roadways</i>	C	C	C	<u>C</u>	C	
<i>Accessory Structures and Uses, New</i>	C [7]	C	C	<u>C</u>	C	
<i>Accessory Structures and Uses Established Prior to Primary Use or Structure</i>	C	C	-	<u>C</u>	-	
<i>Change of Visitor Serving Commercial Uses within a Structure</i>	C [8]	-	-	=	-	
<i>Food Service Accessory to a Lodging Use [9]</i>	C	C	-	<u>C</u>	C	
<i>Home Occupations</i>	C	-	-	=	-	Section 17.96.040
<i>Expansion of a Legal Nonconforming Use within an Existing Structure</i>	C	-	-	=	-	
<i>Legal Nonconforming Use Changed to a Use of a Similar or More Restricted Nature</i>	C	-	-	=	-	

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Live Entertainment	C	C	C	-	-	
Offices Accessory to Visitor Serving Use	C	C	C	<u>C</u>	-	
Parking Areas to Serve the Primary Use	C	C	C	<u>C</u>	C	
Retail Accessory to a Visitor Serving Use	C	C	-	<u>C</u>	-	
Temporary Assemblages of People, such as Festivals, Fairs, and Community Events	C [10]	C [10]	C [10]	<u>C[13]</u>	-	
Weddings	C	C	C	<u>C</u>	-	

Notes:

[1] Permitted only as an accessory use.

[2] Multifamily dwellings shall comply with development standards in the multifamily residential, medium density (RM-M) zoning district.

[3] Single-family dwellings shall comply with development standards in the single-family residential (R-1) zoning district.

[4] May not be located within two hundred feet of the boundary of a residential zoning district.

[5] Drive-up and car service is not allowed.

[6] May include moderate intensity recreational uses, including tent platforms, cabins, parks, stables, bicycle paths, restrooms, and interpretive facilities.

[7] Intensification of the primary use is not allowed.

[8] The new use may not change the nature or intensity of the commercial use of the structure.

[9] Permitted only to serve guests of the lodging use.

[10] Events may not exceed ten days and may not involve construction of permanent facilities.

[11] Prohibited on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10) and the Inn at Depot Hill (APNs 036-121-38 and 036-121-33). For the residential Monarch Cove parcels (APNs 036-142-27 and the northeast portion of APN 036-142-28), single-family residential uses must meet the provisions of Section 17.28.030(G).

~~[12] Allowed in conjunction with overnight accommodation use (at least one on property) or grant of public access to a viewpoint.~~

~~[12] Vacation rental allowed on VS-MC only with 24-hour, full time onsite staff in residence during times of occupancy. Vacation rental allowed on the residentially zoned parcels formerly associated with the Monarch Cove Inn (comprised of APN 036-142-27 and the northeast portion of APN 036-142-28) without a 24-hour, full time onsite staff in residence.~~

[13] Limited to a single two-day or less event per year.

6. IP Text Changes. Add section 17.28.030(G) to IP Sections 17.28.030 as follows:

17.28.030(G): Monarch Cove Inn/Monarch Cove Residential Properties
Additional Requirements. The following additional requirements shall apply to the VS-MC subzone (i.e., APN 036-143-31 and the southwest portion of APN 036-142-28) as well as the Monarch Cove residential properties (i.e., APN 036-242-27 and the northeastern portion of APN 036-142-28) as depicted in Figure 17.28-1. Approval of any proposed development on these sites shall only be allowed if:

- a. Adequate parking and fire/safety ingress/egress to serve both inland (residential) and seaward (visitor-serving) properties is provided.
- b. Adequate public access is provided from El Salto Drive to the coastal bluff and to existing rights-of-way along Escalona Drive and area trails, including as may need to be relocated inland due to coastal erosion. Such public access shall, at a minimum, be provided parallel to the northern property boundary of APN 036-143-31 to connect with the existing public rights-of-way.
- c. Unless determined to be infeasible, ingress/egress to any new development on the inland residential property shall be provided from Escalona Drive.

3. FINDINGS AND DECLARATIONS

A. Background and Description of Proposed LCP Amendment

The City of Capitola is a coastal city seaward of Highway 1 in central Santa Cruz County, located downcoast of Pleasure Point and upcoast of the Seacliff/Aptos areas of unincorporated Santa Cruz County. The City's coastal zone is roughly one square mile, making up approximately 60% of the City, and it is primarily a mix of residential and visitor-serving commercial and recreation uses. The coastal zone includes a mix of residential neighborhoods (e.g., the Jewel Box, the Upper Village, and Cliffwood Heights), visitor-serving commercial and mixed-use neighborhoods centered around Capitola Village (which includes Capitola Beach and the Capitola Wharf, as well as visitor-serving shops, restaurants, and overnight accommodations), and significant public recreational areas (such as at New Brighton State Beach on the City's downcoast end). The City is a very popular visitor destination, and much of its coastal economy is visitor-dependent.

The Monarch Cove Inn is an 11-unit bed and breakfast facility set within multiple buildings on some 1.5 acres of property located at the downcoast end of Depot Hill, a mostly residential neighborhood just downcoast from Capitola Village on top of approximately 80-foot-tall bluffs that offer beautiful sweeping views of the Monterey Bay (see **Exhibit 1** for project site map and **Exhibit 2** for photos of the site). The history of the Monarch Cove site dates back to the late 1800s when two English families seeking a summer retreat locale bought lots throughout Depot Hill and built a settlement called "The English Cottages," which included Victorian era bungalows as well as traditional English gardens. The property was leased in 1909 to a San Franciscan when the owners returned to England for an extended stay, and he ultimately purchased the property in 1911 and renamed the property "El Salto," and enlarged the El Salto estate throughout the 1920s, adding guest cottages, staff living quarters, fruit orchards, and a four-car garage. That owner then sold the property to a local Capitola resident who remodeled the units so that they could be used as summer rentals, then the El Salto Resort. The property was sold again in 1960 to an investment group, and then two years later Elizabeth Blodgett acquired title to a majority of the original holdings. In the late 1970s, Ms. Blodgett purportedly proposed a number of development projects that never came to fruition. By 1982, Ms. Blodgett had sold a number of the lots, and a fire destroyed some of the cottages. In 1989, the City deemed the resort unsafe, and the resort closed temporarily. Ms. Blodgett then sold most of the remaining property to her son, Robert Blodgett, and he completed renovations and reopened the resort in 1989. Ms. Blodgett operated her portion of the resort until 1998 when she sold the last of her property (the three lots immediately west of her son's parcels), which was subsequently converted to residential use.

Thus, most of the original El Salto Resort was converted to residential uses over the years, with the exception of the downcoast-most portion of it (then renamed as the Monarch Cove Inn), which became a 9-room bed and breakfast inn with two separate one-bedroom stand-alone cottages and an outdoor deck area used for weddings. While located about a 15-minute walk to the Village, the Monarch Cove Inn's location on Depot Hill offers sweeping, unparalleled views of the Monterey Bay and coastline and, if visited during the monarch butterfly migration season (mid-October through mid-

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January), large clumps of monarch butterflies hanging from the adjacent eucalyptus trees. Thus, the site has a long history of operating as overnight accommodations for Capitola visitors, both before and since adoption of the Coastal Act and it offers a unique visitor accommodation experience. However, in recent years, the overnight accommodations at the site have become outdated and a number of maintenance needs have been identified, thus affecting its appeal as a visitor-serving experience. The current owners explored the possibility of investing in major development upgrades to the site in 2001 and 2014, but both proposals were met with neighborhood opposition and ultimately abandoned.

The City's Local Coastal Program (LCP) was originally certified in 1981 and underwent a comprehensive update of its Implementation Plan (IP), and of the LCP's Land Use Plan (LUP) Land Use Designations map, in 2021.¹ At the time of this update in 2021, in addition to other substantive changes, the City proposed to re-designate and re-zone two existing visitor-serving overnight accommodation operations, the Monarch Cove Inn and the Inn at Depot Hill, to single-family residential (R-1). The City's reasoning for the rezoning of the Monarch Cove Inn site was that it needed substantial work and expansion to keep it operational into the future as a functioning and financially feasible overnight accommodation, and that its location at the downcoast end of a residential neighborhood constrained options, including in terms of residential neighbors' opposition to improvements of this nature. Thus, the City reasoned that the site was better suited to residential uses, which is also what the owners of the site were seeking as well. Staff, recognizing the Coastal Act and LCP's strong protections and prioritization of visitor-serving uses, could not find the City's proposal to re-zone and re-designate the two inns consistent with the Coastal Act and LUP, and instead recommended a number of modifications in an effort to preserve their existing visitor-serving function. However, the Commission opted not to take action on either the staff recommendation nor the City's proposal as it related to the Monarch Cove Inn site.² At that time, Commissioners were interested in understanding whether a different balancing between visitor-serving overnight accommodations uses and residential uses could be identified for the Monarch Cove Inn site, one that didn't completely change the site to residential uses, and thus the Monarch Cove Inn provisions were removed from the Commission's amendment approval, and the Commission directed staff to work with the City and the owners of the Monarch Cove Inn to come up with other alternative solutions.

In 2022, the City resubmitted the same language that the Commission considered in 2021. As submitted by the City, the proposed amendment includes land use designation changes, zoning designation changes, and corresponding IP text amendments. As submitted by the City, the land use designation changes entail converting the existing land use and zoning designations for the Monarch Cove Inn site from Visitor Serving (VS) to Single Family-Residential (R-1) with a VS overlay. The proposed IP text amendments also include removing IP Chapter 17.30 in its entirety, and creating a

¹ See LCP-3-CAP-20-0082-2.

² City staff agreed with Commission staff on the modifications for the Inn at Depot Hill, and thus those changes to preserve the visitor-serving uses were adopted by the Commission and are in effect currently.

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Monarch Cove subzone (VS-MC) within IP Chapter 17.28. The VS-MC subzone would allow the Monarch Cove Inn site to be used as a single-family residence in conjunction with an overnight accommodation use “or [the] granting of public access to a viewpoint,” whereas the LCP currently prohibits single-family residential uses on the Monarch Cove Inn site. More specifically, the proposed amendment would:

- Identify the three Monarch Cove Inn parcels that would be subject to the newly created VS-MC subzone (i.e., APNs 036-143-31, 036-142-27, and 036-142-28).
- Add a series of allowed/conditional uses in the VS-MC subzone, including single-family dwellings and visitor-serving/overnight accommodation uses.
- Add a new footnote to the “single family dwelling” use in the VS-MC subzone to mandate that single-family dwellings shall comply with development standards in the R-1 zoning district, as well as to specify that single-family dwellings are allowed in conjunction with overnight accommodations or granting of public access to a viewpoint.
- Add a new footnote to the “temporary assemblages of people” use in the VS-MC subzone to limit such events to a single two-day event or less per year.
- Add the VS-MC subzone to the general development standards for visitor-serving zoning districts to identify the maximum impervious surface allowed on the site.

In short, the proposed amendment would allow for residential uses on the Monarch Cove Inn site, whereas currently they are not. The amendment would thus facilitate the conversion of the site from one of a visitor-serving nature to one of residential. See **Exhibit 3** for the proposed land use designation change and **Exhibit 4** for the proposed zoning change and IP text.

B. Evaluation of Proposed LCP Amendment

Standard of Review

The proposed amendment affects both the LUP and IP components of the City’s LCP. The standard of review for LUP amendments is that they must conform with the policies of Chapter 3 of the Coastal Act. The standard of review for IP amendments is that they must be consistent with and adequate to carry out the policies of the certified LUP, as amended.

1. Proposed Land Use Plan Amendment

Applicable Coastal Act Policies

The Coastal Act places a very high priority on public access and recreational opportunities for all. In addition to Coastal Act Sections 30210 through 30214 that require maximum public access to and along the shore, Coastal Act Section 30221 protects oceanfront lands that are suitable for recreational uses. For otherwise allowable development, Coastal Act Section 30222 gives priority to the use of land suitable for visitor-serving recreational facilities over private residential, general

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industrial, or general commercial development. Therefore, the proposed LUP amendment must protect oceanfront land, such as the blufftop area in question here, for recreational uses, and must prioritize the use of suitable private lands for visitor-serving facilities designed to enhance public opportunities for coastal recreation. Coastal Act Sections 30221 and 30222 specifically state:

Section 30221. *Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and foreseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.*

Section 30222. *The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.*

Analysis

As submitted by the City, the proposed land use map changes would redesignate the Monarch Cove Inn property (which consists of 3 parcels: APNs 036-143-31, 036-142-27, and 036-142-28) from the current "Visitor-Serving" land use designation to an "R-1" (single-family residential) land use designation with a VS (visitor-serving) overlay. The proposed re-designation would provide for full residential conversion on this important visitor-serving property, thereby raising Coastal Act conformance issues as more fully discussed below.

As submitted by the City, the proposed single-family residential designation would mean that the LCP would prioritize residential uses at the site with the allowance for visitor-serving uses, as opposed to the existing designation, which prioritizes visitor-serving overnight accommodations and related visitor-serving uses and prohibits single-family residential uses (and only allows ancillary residential/caretaker units). It is important to note that, in the Commission's experience, when such visitor-serving sites are converted to residential uses, they are rarely, if ever, replaced or converted back to visitor-serving uses. Indeed, one need look no further than many of the properties formerly associated with the El Salto Resort that were sold off and converted to residential uses and have since remained that way. Thus, the Commission in implementing the Coastal Act has traditionally taken a fairly strict reviewing lens for proposed conversions such as this one, including to make sure that there is adequate remaining visitor-serving uses in the surrounding area, to replace whatever is lost, or to deny such requests.

As proposed in this case, redesignation of the whole site from VS to R-1 would likely lead to permanent loss of the overnight accommodations at these sites. The City of Capitola, and especially the Village and its adjacent beach area, is a very popular destination for visitors to the Central Coast, and the Monarch Cove Inn is one of only two overnight accommodations in the Depot Hill area of the City (the other being the Inn at Depot Hill with its 13 guest rooms), and the Monarch Cove Inn represents a unique visitor-serving experience with expansive blue water views, a blufftop coastal trail, an adjacent monarch butterfly grove (hence the Inn's name), and a more rustic and

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nostalgic small-scale Inn experience that also offers close access to the Village, Capitola Beach, and New Brighton State Beach, but in a quieter and more serene locale. In sum, the proposed amendment would facilitate the conversion of this important and exceptionally unique visitor-serving space to private residential use, and the general public would lose out on the ability to stay and recreate in this area, all of which raises core Coastal Act compatibility concerns. And to be clear, these are the same concerns Commission staff raised as part of the previous rezoning proposal back in 2021.

That all being said, it is also true that the site is quite large and could likely cater to both residential and visitor-serving uses. The Commission similarly recognized this during the previous proposal in 2021, and thus directed staff to understand whether there were other alternatives that would allow for retention of VS uses at the site while also providing some additional residential uses here as well. In other words, this need not be an all or nothing endeavor, but rather a mix of uses could be potentially appropriate. Commission staff, City staff, and the property owners thus worked together to understand where and how such mix could be effectuated.

To do so, it is important to understand the site's geography and amenities as they exist today. The Monarch Cove Inn is composed of three parcels: a seaward parcel containing the 9-bedroom Victorian house, a carriage house and open air pavilion, walking trails, and open space that overlook the Pacific Ocean and Monterey Bay (APN 036-143-31) and is approximately 24,000 square feet; a landward parcel containing the Inn's office buildings, garden, employee parking spaces, and a smaller auxiliary cottage with a one-bedroom suite (i.e., attached kitchen and bathroom) totaling approximately 18,000 square feet (APN 036-142-27); and a middle parcel sandwiched between the two larger parcels that contains the only ingress/egress to the site, parking spaces, and another small auxiliary cottage with a one bedroom suite, totaling approximately 10,000 square feet (APN 036-142-28) (see **Exhibit 1** for a map of the site).

In looking at the site holistically, the majority of the coastal resources and visitor-serving amenities are contained on the seaward-most parcel, including sweeping views of the sea, public walking trails (including to the monarch butterfly grove at the eastern side of the property), and the bulk of the overnight accommodations contained in the Victorian house (nine of eleven units across the entire property).³ The loss of such coastal visitor-serving amenities to private residential uses would not only be inconsistent with the Coastal Act, but would also impact the public who frequently visit the property to avail themselves of its green spaces and natural environment. In contrast, the landward parcel mainly contains storage and support services to operate the Inn. Lastly, the middle parcel contains the only ingress/egress to the site and provides parking spaces for both overnight and day-use visitors, and thus provides an important connection point to access the visitor-serving uses on the site. While the landward parcel does currently help serve the main Inn facilities, the storage and office space currently on it can likely be reimaged and reconfigured onto the seaward parcel. In other words, the landward

³ The Victorian house has nine rooms with queen-sized beds, two of which have attached living rooms, and one of which has an attached kitchen. Each cottage contains one-bedroom suites with attached kitchen and bathroom. Each room (either in the main house or in the cottages) has its own entrance.

2. Proposed Implementation Plan Amendment

Applicable Land Use Plan Provisions

Similar to the Coastal Act, the LUP contains policies and implementation strategies related to maximizing public access and recreation; protecting environmentally sensitive habitat areas; protecting public views, including to and along the immediate shoreline; and protecting visitor-serving uses, including by ensuring that sites designated for visitor-serving uses and recreation (e.g., visitor-serving overnight accommodations such as hotels, motels, and campgrounds, food/drink establishments, rental facilities, and beaches/parks) remain designated for such uses. These policies include:

LUP Policy II-1: *It shall be the policy of the City of Capitola to provide safe and adequate pedestrian access to and along the shoreline as designated in the Shoreline Access Plan (see Maps II-1,2, and 3).*

LUP Policy VI-2: *It shall be the policy of the City of Capitola to protect, maintain and, where possible, enhance the environmentally sensitive and locally unique habitats within its coastal zone, including dedication and/or acquisition of scenic conservation easements for protection of the natural environment. All developments approved by the City within or adjacent to these areas must be found to be protective of the long-term maintenance of these habitats.*

LUP Policy IV-1 [in relevant part]: *The City shall designate the following areas as visitor-serving and/or recreation uses: The Capitola Village commercial area (retail, restaurants, lodging, etc.) [...] El Salto Resort properties; [...]*

LUP Policy IV-2: *Areas designated as visitor serving and/or recreational shall be reserved for visitor support services or recreational uses. Permissible uses include, but are not limited to hotels, motels, hostels, campgrounds, food and drink service establishments, public facilities, public beaches, public recreation areas or parks, and related rental and retail establishments. Residential uses are also permitted on dual designated “visitor-serving/residential” parcels; specifically, a portion of the El Salto Resort, and in the Village area. Development can be accomplished through private or public means.*

Consistency Analysis

The LUP speaks to protection of locally unique habitat areas, including through ensuring compatible development adjacent to such areas that “must be found to be protective of the long-term maintenance of these habitats”; additionally, the LUP protects public access “to and along the shoreline”. Finally, the LUP specifically states that the Monarch Cove Inn properties (formerly referred to in the LUP as the “El Salto Resort” properties) shall be designated for visitor-serving and/or recreation uses, and that “areas designated for visitor-serving and/or recreation shall be reserved for visitor

to reside on the property as caretakers, but would require the site to maintain a reasonable number of overnight accommodations that would be served by the caretakers (i.e., the site could not be modified to provide one unit of overnight accommodation and one caretaker unit, rather, the caretaker unit would be understood to service some number of overnight accommodations that is relatively equal to that which exists on the site currently).

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support services or recreational uses” and that permissible uses include “hotels, motels, hostels, campgrounds [...]”, etc. It also provides the potential allowance for a dual residential and visitor-serving commercial mix.

The proposed IP amendment would re-zone the Monarch Cove Inn site (i.e., all three parcels) to R-1 with a VS overlay, raising the same visitor-serving conversion issues as discussed in the preceding LUP amendment section. The IP text component of the amendment would also allow single-family residential dwellings as a conditional use on the Monarch Cove Inn site in conjunction with at least one unit of overnight accommodation or the granting of public access to a viewpoint (see IP Section 17.28.020 on pages 4-6 of **Exhibit 4**). In other words, the amendment would allow for a rather significant reduction in the number of overnight accommodation units (from 11 to as little as a single unit) or elimination of all existing overnight accommodation units with a formally recognized public trail/viewpoint. While the language here does mention a trail, it is rather vague and doesn't specify any performance standards to ensure its protection over time. The access provided here is important, including connecting El Salto Drive and the greater Depot Hill neighborhood with the coastal bluff and Monterey Bay views, as well as connections to the public right-of-way at the downcoast edge of the property, and potential future connections to the planned coastal rail trail.^{6,7} Loss or impairment of the access in this area would be significant, as the coastal trail on the property provides benefits similar to the now extinct coastal trail on other portions of Depot Hill, which is no longer in use because of erosion and private residential backyard encroachments into the public right-of-way. The Monarch Cove Inn site provides more flexibility to maintain such public access to the surrounding area given its large size, where other areas in Depot Hill are constrained by private residential dwellings.

As described previously, the majority of the visitor-serving resources at the site, including the overnight accommodations contained in the historic Victorian home, are contained on the seaward parcel, as well as public walking paths, green open space, and access to the monarch butterfly grove. Conversely, the landward parcel mainly contains support buildings, such as offices and storage, and does not provide the same level of visitor resources. Thus, and including to match the LUP as suggested to be modified, the Commission includes **Suggested Modification 2**, which changes the proposed zoning designation for the seaward parcel (APN 036-143-31) and the northwestern portion of the middle parcel (APN 036-142-28) to VS (Visitor Serving). This R-1/VS split is approvable given the context because the LCP speaks to such adjacent visitor-serving and residential uses at the site (see LUP IV-2), would maintain access to the shoreline (see LUP II-2), and would provide for compatible development

⁶ Vehicular access at the site is notably constrained, as the only ingress/egress is via El Salto Drive, which dead-ends at the project site. Available parking for daily visitors, overnight guests, and staff is accommodated via street parking and two small parking lots located on the landward parcel and the middle parcel.

⁷ The public pathway was originally formed as a condition of coastal permit P-80-11 as an offer to dedicate for two easements to be made from El Salto Drive to and along the blufftop for views of the shoreline. However, the permit was never exercised, and the easements were never recorded. Nevertheless, the pathway currently exists on the property and is frequently used by the public, constituting an important visitor-serving resource which is afforded protection under the LUP.

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adjacent to the blufftops/monarch butterfly grove (see LUP VI-2). Additionally, the landward parcel would maintain a visitor-serving overlay in addition to the R-1 designation, thus not precluding visitor-serving overnight accommodations from existing in the future on the landward parcel.

Suggested Modification 3 implements the zoning map change into the IP's text, including by clarifying that the proposed R-1 zoning and VS-G (Visitor-Serving-General) overlay only applies to the landward parcels and not the seaward, visitor-serving ones. The end result of this modification is to retain overnight accommodation uses on the seaward parcels while providing for a mix of visitor-serving and residential ones on the landward side. And **Suggested Modification 4** simply depicts these changes into the corresponding IP Visitor Serving District map.

While the above described suggested modifications generally refer to the site's zoning designations and overlays, **Suggested Modifications 5 and 6** make changes to describe the specific site development parameters and allowed land uses. Overall, the changes would remove single-family dwellings as a conditional use on the seaward visitor-serving Monarch Cove Inn site (VS-MC in Table 17.28-1, see **Exhibit 4**) to prevent the applicable parcels from converting to a private, residential use and conversely, to preserve the overnight accommodations and public access at the site. The modifications also require that, as part of any CDP review at the residential or visitor-serving sites, that adequate fire and vehicular ingress/egress is provided to serve all development at the sites (particularly for the Inn site, which may necessitate residential access from Escalona Drive), that public access is provided, including from El Salto Drive to the bluff, adjacent public rights-of-way, and potentially new trail connections along the rail trail, and that there is adequate space for parking. In other words, the language provides an important reviewing lens for future development proposals on both the residential and visitor-serving properties to ensure that uses on both sites remain viable, and that protect and provide for public access in the area.

In sum, the suggested modifications would eliminate the proposed R-1 use on the seaward parcel and portions of the middle parcel at the Monarch Cove Inn site and make clarifying changes to provide for a mix of uses on the inland portion. Such a conversion is appropriate in this context given that doing so maintains the majority of the overnight accommodation units and preserves other visitor-serving amenities (e.g., access to blue-ocean water views and public trails) at this unique site. Additionally, in recent years there has been a push across the state to increase housing stock, particularly in coastal areas,⁸ including to help offset skyrocketing rents and home prices and general unaffordability, while still preserving moderate- and lower-cost accommodations. Here, the conversion strikes a balance between these two objectives by preserving overnight accommodations and visitor-serving uses in the coastal zone while allowing for residential uses that would presumably add a number of new units to the area. Lastly, in a City-wide context, there are a number of other overnight accommodations available to visitors within the City (including the Inn at Depot Hill, the

⁸ And the Commission has frequently discussed the balance between encouraging housing and preserving/protecting visitor-serving overnight accommodations in the coastal zone, including during its December 2023 hearing when it held an informational briefing on housing.

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Capitola Hotel, and the Venetian, all of which are located within the coastal zone), and visitor-serving uses have historically been preserved in the City, including via Commission action.⁹ The modifications identified are thus necessary to ensure that existing lands designated for visitor-serving uses are protected for such uses, while also providing for much needed housing. Thus, the proposed IP amendments with the suggested modifications can be found consistent with and adequate to carry out the certified Land Use Plan.

C. California Environmental Quality Act (CEQA)

Section 21080.9 of the California Public Resources Code—within the California Environmental Quality Act (CEQA)—exempts local government from the requirement of preparing an Environmental Impact Report (EIR) in connection with its activities and approvals necessary for the preparation and adoption of LCPs and LCP amendments. Instead, the CEQA responsibilities are assigned to the Coastal Commission; however, the Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP or LCP amendment action.

Nevertheless, the Commission is required, in approving an LCP or LCP amendment submittal, to find that the approval of the proposed LCP, as amended, does conform with CEQA provisions, including the requirement in CEQA section 21080.5(d)(2)(A) that the amended LCP will not be approved or adopted as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse impact which the activity may have on the environment (see California Code of Regulations Title 14 Sections 13540(f) and 13555(b)).

The City of Capitola's LCP amendment consists of an LUP and IP amendment. In this case, the City exempted the proposed amendment from environmental review (citing CEQA Sections 15061(b)(3)), deeming the modifications to be minor in nature without the potential to cause a significant effect on the environment. This report has discussed the relevant coastal resource issues with the proposal, and has addressed all comments received. All the above findings are incorporated herein in their entirety by reference.

Therefore, the Commission finds that there are 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 proposed LCP amendment, as modified, conforms with CEQA.

⁹ In the 2021 IP update, staff recommended modifications to the former Capitola Theater site to ensure future development would be used for visitor-serving uses. See adopted staff report for LCP-3-CAP-20-0082-2 pages 8 and 37.

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LCP-3-CAP-22-0061-2 PART B (MONARCH COVE INN REDESIGNATION)

MAY 9, 2024 HEARING

EXHIBITS

Table of Contents

Exhibit 1: Project Site Map

Exhibit 2: Project Site Photos

Exhibit 3: Proposed LUP Map

Exhibit 4: Proposed IP Map and IP Text



City of Capitola

Project Site

New Brighton
State Beach

Soquel Creek

Depot Hill Neighborhood

Capitola State Beach

Capitola Wharf



Public Right-of-way and Public Trails

Escalona Drive

Office Buildings

Landward Parcel

Monarch Butterfly Grove

Small Cottages

Middle Parcel

Seaward Parcel

Victorian Mansion

El Salto Drive

Walking Trail

Project Site

Wedding Deck

Exhibit 1
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Page 2 of 2

11-bedroom Victorian Mansion



Wedding Pavilion





Wedding Pavilion

Walking Path

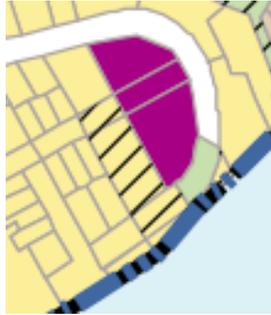
View from Victorian Mansion





**General Plan and Local Coastal Program Land Use Map Proposed Modifications
for Monarch Cove Inn Parcels**

Existing Land Use: Visitor Serving



Proposed Land Use: Single-Family Residential with Visitor Serving Overlay



Residential Designations

-  Single-Family Residential (R-1)
-  Multi-Family Residential (R-M)
-  Mobile Home (R-MH)

Mixed-Use Designations

-  Village Mixed-Use (MU-V)
-  Neighborhood Mixed-Use (MU-N)

Other Designations

-  Parks and Open Space (P/OS)
-  Public/Quasi-Public (P/QP)
-  Visitor Serving (VS)

Commercial/Industrial Designations

-  Regional Commercial (C-R)
-  Community Commercial (C-C)
-  Visitor Accommodations (VA)
-  Industrial

Overlays

-  Visitor Serving (VS)



City Limit



Coastal Zone

Zoning Map/LCP-IP Proposed Modifications for Monarch Cove Inn Parcels

Existing Land Use: Visitor Serving



Proposed Land Use: R-1 Single-Family Residential with Visitor Serving Overlay



Residential Zoning Districts

- R-1 - Single-Family Residential
- RM-L - Multi-Family Residential, Low Density
- RM-M - Multi-Family Residential, Medium Density
- RM-H - Multi-Family Residential, High Density
- MH - Mobile Home Park

Mixed-Use Zoning Districts

- MU-V - Mixed Use Village
- MU-N - Mixed Use Neighborhood

Commercial and Industrial Zoning Districts

- C-R - Regional Commercial
- C-C - Community Commercial

I - Industrial

Other Zoning Districts

- P/OS - Parks and Open Space
- CF - Community Facility
- PD - Planned Development

Overlay Zones*

- AHO - Affordable Housing
- CZ - Coastal Zone
- VRU - Vacation Rental Use
- VR - Village Residential
- VS - Visitor Serving

*See Local Coastal Program Habitats Map for boundaries of Environmentally Sensitive Habitats Area Overlay Zone.

Chapter 17.28

VISITOR SERVING OVERLAY ZONE

Sections:

- 17.28.010 Purpose of the visitor serving overlay zone.
- 17.28.020 Land use regulations.
- 17.28.030 Development standards.

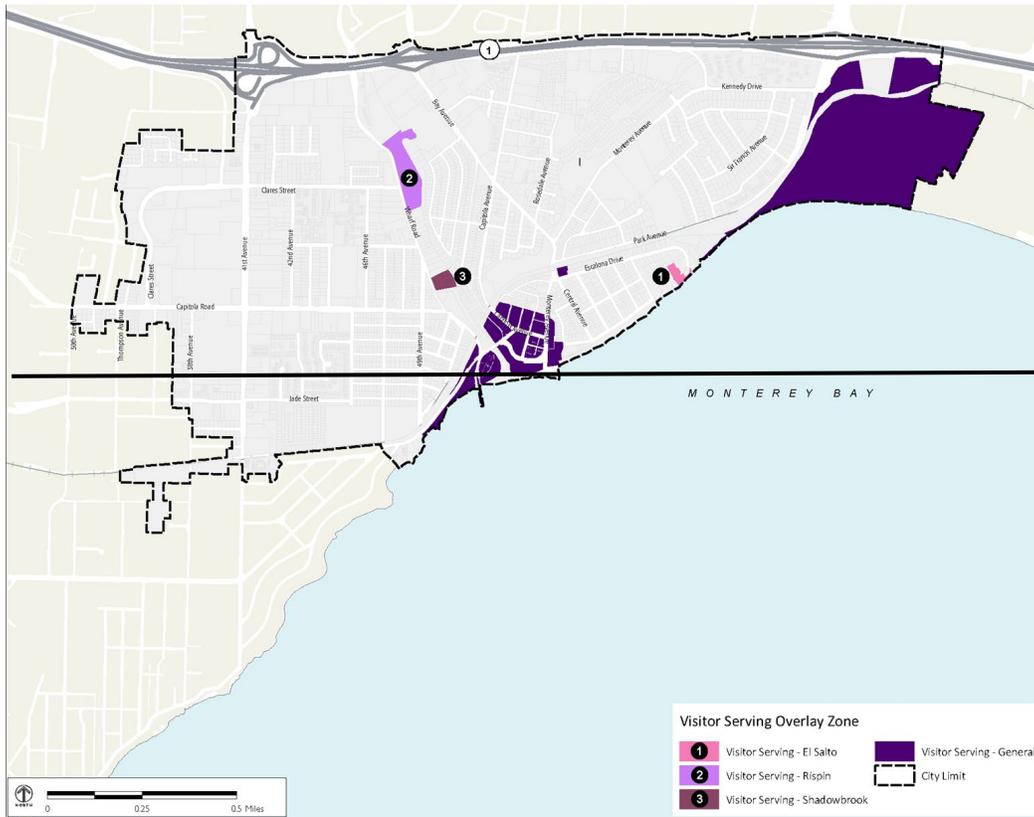
17.28.010 Purpose of the visitor serving overlay zone.

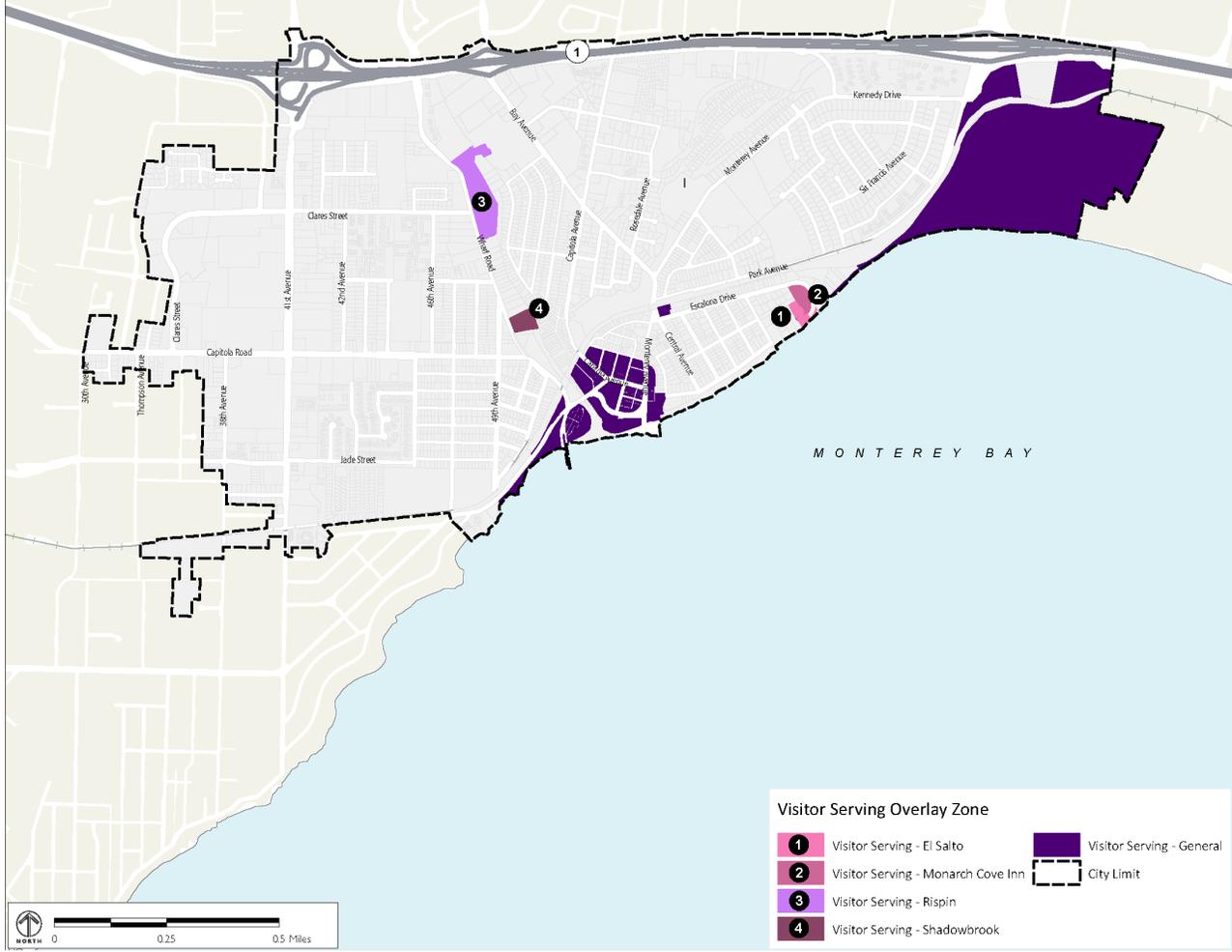
A. General. The purpose of the visitor serving (-VS) overlay zone is to provide the visiting public with a range of opportunities to enjoy Capitola's coastal location. The -VS overlay zone accommodates a range of visitor serving uses including overnight accommodations, dining establishments, and active and passive recreational facilities. Specific permitted uses depend on the resources present on the site and the surrounding land use and environmental context. The -VS overlay zone implements policies to maintain and enhance visitor serving uses in Capitola consistent with the general plan and local coastal program (LCP).

B. Visitor Serving Overlay Subzones. The -VS overlay zone is divided into subzones (see Figure 17.28-1) with unique land use and development standards:

1. Visitor Serving – Rispin (VS-R). Applies to the Rispin site (APNs 035-371-01 and 035-371-02).
2. Visitor Serving – Shadowbrook (VS-SB). Applies to the Shadowbrook site (APN 035-111-04).
3. Visitor Serving - Monarch Cove Inn (VS-MC). Applies to the Monarch Cove Inn site (APNs 036-143-31 & 036-142-27) and the portion of parcel 036-142-28 that is located between the two Monarch Cove Inn parcels.
- ~~4~~3. Visitor Serving – El Salto (VS-ES). Applies to the El Salto site (APN 036-143-35).
- ~~5~~4. Visitor Serving – General (VS-G). Applies to all other parcels with a visitor serving subzone overlay designation. The -VS zoning overlay designation on the Inn at Depot Hill site (APNs 036-121-38 and 036-121-33) acts as both the base zoning district and an overlay district (i.e., the permitted land uses identified in Table 17.28-1 are the only permitted land uses allowable on the site and the applicable land use regulations and development standards are limited to those identified in this chapter).

Figure 17.28-1: Visitor Serving Districts





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

17.28.020 Land use regulations.

A. Permitted Land Uses. Table 17.28-1 identifies land uses permitted in the -VS overlay subzones.

Table 17.28-1: Permitted Land Uses in the Visitor Serving Overlay Zone

Key	-VS Subzones					Additional Regulations
	VS-G	VS-R	VS-SB	VS-MC	VS-ES	
Key						
P Permitted Use						
M Minor Use Permit required						
C Conditional Use Permit required						
- Use not allowed						
Residential Uses						
Employee Housing	C [1]	-	-	=	-	
Multifamily Dwellings	C [2][11]	-	-	=	C [2]	
One Caretaker Unit for On-Site Security	C	C	C	C	C	
Single-Family Dwellings	C [3][11]	-	-	C [3][12]	C [3]	
Public and Quasi-Public Uses						
Community Assembly	C	C	-	=	-	

Cultural Institutions	C	C	-	=	-	
Day Care Centers	C	-	-	=	-	
Habitat Restoration and Habitat Interpretive Facilities	C	C	C	<u>C</u>	-	
Parks and Recreational Facilities	C	C	-	=	-	
Public Parking Lots	C	C	-	=	-	
Public Paths and Coastal Accessways	C	C	C	<u>C</u>	C	
Public Safety Facilities	C	-	-	=	-	
Public Wharfs	C	-	-	=	-	
Schools, Public or Private	-	-	-	=	-	
Commercial Uses						
Business Establishments that Provide Commercial Places of Amusement or Recreation, Live Entertainment, or Service of Alcoholic Beverages	C [4]	C [4]	C	=	-	
Business Establishments that Sell or Dispense Alcoholic Beverages for On-Site Consumption	C	C	C	<u>C</u>	-	
Restaurants						
Full Service	C [5]	C [5]	C [5]	=	-	
Lodging						
Hotels, Inns, Bed and Breakfast, and Hostels	C	C	-	<u>C</u>	C	
Campgrounds [6]	C	-	-	=	-	
Recreational Vehicle Parks	C	-	-	=	-	
Vacation Rentals with onsite manager	-	-	-	<u>C</u>	-	
Utilities, Major	C	C	C	<u>C</u>	C	
Utilities, Minor	P	P	P	<u>P</u>	P	
Wireless Communications Facilities	See Chapter 17.104					
Other Uses						
Access Roadways	C	C	C	<u>C</u>	C	
Accessory Structures and Uses, New	C [7]	C	C	<u>C</u>	C	
Accessory Structures and Uses Established Prior to Primary Use or Structure	C	C	-	<u>C</u>	-	
Change of Visitor Serving Commercial Uses within a Structure	C [8]	-	-	=	-	
Food Service Accessory to a Lodging Use [9]	C	C	-	<u>C</u>	C	
Home Occupations	C	-	-	=	-	Section 17.96.040
Expansion of a Legal Nonconforming Use within an Existing Structure	C	-	-	=	-	

Legal Nonconforming Use Changed to a Use of a Similar or More Restricted Nature	C	–	–	=	–	
Live Entertainment	C	C	C	=	–	
Offices Accessory to Visitor Serving Use	C	C	C	<u>C</u>	–	
Parking Areas to Serve the Primary Use	C	C	C	<u>C</u>	C	
Retail Accessory to a Visitor Serving Use	C	C	–	<u>C</u>	–	
Temporary Assemblages of People, such as Festivals, Fairs, and Community Events	C [10]	C [10]	C [10]	<u>C [13]</u>	–	
Weddings	C	C	C	<u>C</u>	–	

Notes:

[1] Permitted only as an accessory use.

[2] Multifamily dwellings shall comply with development standards in the multifamily residential, medium density (RM-M) zoning district.

[3] Single-family dwellings shall comply with development standards in the single-family residential (R-1) zoning district.

[4] May not be located within two hundred feet of the boundary of a residential zoning district.

[5] Drive-up and car service is not allowed.

[6] May include moderate intensity recreational uses, including tent platforms, cabins, parks, stables, bicycle paths, restrooms, and interpretive facilities.

[7] Intensification of the primary use is not allowed.

[8] The new use may not change the nature or intensity of the commercial use of the structure.

[9] Permitted only to serve guests of the lodging use.

[10] Events may not exceed ten days and may not involve construction of permanent facilities.

[11] Prohibited on the former Capitola Theater site (APNs 035-262-04, 035-262-02, 035-262-11, and 035-261-10) and the Inn at Depot Hill (APNs 036-121-38 and 036-121-33).

[12] Allowed in conjunction with overnight accommodation use (at least one on property) or grant of public access to a viewpoint.

[13] Limited to a single two-day or less event per year.

B. Civic Uses in the VS-R Overlay Subzone. The planning commission may allow additional civic uses in the VS-R overlay subzone beyond those specifically identified in Table 17.28-1 if the planning commission finds the additional civic use to be consistent with the purpose of the VS-R overlay subzone and compatible with existing uses present on the site. (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020)

17.28.030 Development standards.

A. General. Table 17.28-2 identifies development standards that apply in the -VS overlay zone outside of the mixed use village (MU-V) zoning district.

Table 17.28-2: Development Standards in the Visitor Serving Zoning Districts

	-VS Overlay Zone	Additional Standards
Parcel Area, Minimum	5,000 sq. ft.	
Impervious Surface, Maximum	VS-R: 25% VS-SB, <u>VS-MC</u> , and VS-ES: 50% [1] VS-G: No maximum	
Floor Area Ratio, Maximum	0.25	
Setbacks, Minimum	See Section 17.28.030(B)	
Height, Maximum	30 ft.	Section 17.28.030(C)

Note:

[1] In the VS-SB overlay subzone, the impervious surface requirement applies to the parcel located directly adjacent to Soquel Creek. In the VS-ES overlay subzone, the impervious surface calculation excludes the portion of parcel 036-142-28 located outside of the Monarch Cove Inn.

B. Setbacks. The following setback requirements apply in the -VS overlay zone:

1. The planning commission may require front, side and rear setbacks through the design review process to provide adequate light and air, ensure sufficient distance between adjoining uses to minimize any incompatibility, and to promote excellence of development. Where a side or rear yard abuts residential property, a setback of at least ten feet shall be provided.

2. Front and exterior side yards shall not be used for required parking facilities.

3. For the visitor serving El Salto parcels located adjacent to the bluff top, new development shall adhere to the setback and development provision provided in the LCP natural hazards policies and in Chapter 17.68 (GH Geologic Hazards District).

4. To protect the waters and riparian habitat of Soquel Creek, new development on the Shadowbrook Restaurant and Rispin parcels shall adhere to the LCP natural systems policies and Chapter 17.64 (Environmentally Sensitive Habitat Areas).

C. Height Exceptions. With a recommendation from the planning commission, the city council may approve additional height up to a maximum of thirty-six feet in the -VS overlay zone outside of the MU-V zoning district when all of the following findings can be made:

1. The proposed development and design is compatible with existing land uses in surrounding areas, the general plan, and the LCP.

2. Streets and thoroughfares are suitable and adequate to serve the proposed development.

3. The proposed development does not produce shadows which may adversely affect the enjoyment of adjacent streets, buildings, or open space.

4. Major public views of the shoreline, as identified in Capitola's local coastal program, are not blocked by the proposed development.

D. Landscaping. See Table 17.72-2 in Chapter 17.72 (Landscaping) for minimum required landscaping requirements for visitor serving properties.

E. Lighting. In addition to outdoor lighting standards in Section 17.96.110 (Outdoor lighting), the following lighting requirements apply in the -VS overlay zone:

1. All exterior lighting shall be minimized, unobtrusive, down-directed and shielded using the best available dark skies technology, harmonious with the local area, and constructed or located so that only the area intended is illuminated and off-site glare is fully controlled and that light spill, sky glow and glare impacts are minimized.

2. Lighting of natural areas (such as creeks, riparian areas, the beach, etc.) shall be prohibited past the minimum amount that might be necessary for public safety purposes, except when temporarily permitted in conjunction with a temporary event.

3. The location, type and wattage of exterior lighting must be approved by the community development director prior to the issuance of building permits or the establishment of the use.

F. Coastal Development Permit. If a proposed development is located in the coastal zone, it may require a coastal development permit (CDP) as specified in Chapter 17.44 (Coastal Overlay Zone). Approval of a CDP requires conformance with the CDP findings for approval as specified in Section 17.44.130 (Findings for approval). (Res. 4223, 2021; Ord. 1043 § 2 (Att. 2), 2020).

Chapter 17.30

VISITOR SERVING DISTRICT—MONARCH COVE INN

Sections:

- 17.30.010—Applicability.
- 17.30.020—Purpose.
- 17.30.030—Architectural and site approval.
- 17.30.040—Conditionally permitted uses—Monarch Cove Inn.
- 17.30.050—Accessory uses.
- 17.30.060—Height.
- 17.30.070—Lot area.
- 17.30.080—Lot coverage.
- 17.30.090—Yards.
- 17.30.100—Parking.
- 17.30.110—Loading areas.
- 17.30.120—Landscaping and lighting.

17.30.010—Applicability.

The regulations set forth in this chapter apply to the Monarch Cove Inn parcels. (Res. 4223, 2021)

17.30.020—Purpose.

The purpose of the V-S district is to accommodate the visiting public with a range of opportunities to enjoy the city of Capitola's coastal location. (Res. 4223, 2021)

17.30.030—Architectural and site approval.

A design permit shall be secured for the establishment and conduct of any conditional or accessory use in a V-S district as provided in Chapter 17.120. (Res. 4223, 2021)

17.30.040—Conditionally permitted uses—Monarch Cove Inn.

The following are the conditionally permitted uses allowed on the Monarch Cove Inn parcels and the portion of parcel 036-142-28 that is located between the two Monarch Cove Inn parcels:

- A. Accessory structures and accessory uses appurtenant to any conditionally allowed use;
- B. Hotels, motels, hostels, inns; bed and breakfast lodging;
- C. Food service related to lodging;
- D. Assemblages of people, such as festivals, not exceeding ten days and not involving construction of permanent facilities;
- E. Accessory structures and uses established prior to establishment of main use or structure;
- F. Habitat restoration; habitat interpretive facility;
- G. Live entertainment;
- H. Public paths;
- I. Business establishments that provide commercial places of amusement or recreation, live entertainment, or service of alcoholic beverages and that are located within two hundred feet of the boundary of a residential district;
- J. Weddings;
- K. Business establishments that sell or dispense alcoholic beverages for consumption upon the premises;

~~L. Other visitor serving uses of a similar character, density, and intensity as those listed in this section and determined by the planning commission to be consistent and compatible with the intent of this chapter and the applicable land use plan;~~

~~M. Offices and limited retail use, accessory to visitor serving uses;~~

~~N. One caretaker unit for the purpose of providing on-site security;~~

~~O. Access roadway;~~

~~P. Residential use by the owners and their family members of up to one unit per parcel on the three parcels, as long as a minimum of six guest bedrooms are available for visitor serving use within the three parcels;~~

~~Q. Nonfamily residential use during the off-season months (November through April). (Res. 4223, 2021)~~

17.30.050—Accessory uses.

The following are accessory uses permitted in a V-S district:

A. Signs complying with the applicable regulations set forth in the sign ordinance;

B. Accessory uses and buildings customarily appurtenant to a permitted use. (Res. 4223, 2021)

17.30.060—Height.

No structures shall exceed thirty feet in height. Exceptions up to thirty six feet in height may be granted subject to approval by the city council upon the recommendation of the planning commission when the following findings can be made:

A. The proposed development and design are compatible with existing land uses of surrounding areas and the general plan;

B. Streets and thoroughfares are suitable and adequate to serve the proposed development;

C. The proposed development does not produce shadows which may adversely affect the enjoyment of adjacent streets, buildings or open space;

D. Major public views are not blocked by the proposed development. (Res. 4223, 2021)

17.30.070—Lot area.

The minimum lot area required shall be five thousand square feet. (Res. 4223, 2021)

17.30.080—Lot coverage.

There shall be no specific maximum lot coverage set except as follows:

A. Sufficient space shall be provided to satisfy off street parking and loading area requirements, notwithstanding that all parking may be provided within a structure(s);

B. Front yard and open space requirements shall be satisfied;

C. For the Monarch Cove Inn parcels, the allowable impervious site coverage (e.g., buildings, paving, decks, etc.) is fifty percent. (Res. 4223, 2021)

17.30.090—Yards.

~~A. Front, side and rear yard setbacks may be required through design permit approval in order to provide adequate light and air, assure sufficient distance between adjoining uses to minimize any incompatibility and to promote excellence of development. Where a side or rear yard abuts residential property a setback of at least ten feet shall be provided.~~

~~B. Front yards and corner lot side yards shall not be used for required parking facilities.~~

~~C. For the Monarch Cove Inn parcels located adjacent to the bluff top, new development shall adhere to the setback and development provisions provided in the LUP's natural hazards policies and in certified zoning Chapter 17.68 (GH Geologic Hazards District). (Res. 4223, 2021)~~

~~17.30.100 — Parking.~~

~~Parking standards shall be as provided in Chapter 17.76. (Res. 4223, 2021)~~

~~17.30.110 — Loading areas.~~

~~Loading areas shall be as provided in Chapter 17.76. (Res. 4223, 2021)~~

~~17.30.120 — Landscaping and lighting.~~

~~A minimum of five percent of the lot area shall be landscaped to ensure harmony with adjacent development in accordance with architectural and site approval standards. For the visitor serving Monarch Cove Inn parcels, fifty percent of the parcels shall consist of landscaped or open space areas. The planting of invasive plant species is prohibited. All exterior lighting shall be unobtrusive, harmonious with the local area and constructed or located so that only the area intended is illuminated and off site glare is fully controlled. The location, type and wattage of the exterior lighting must be approved by the community development director prior to the issuance of building permits or the establishment of the use. (Res. 4~~

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
PHONE: (831) 427-4863
WEB: WWW.COASTAL.CA.GOV



Th13a

Prepared May 6, 2024 for May 9, 2024 Hearing

To: Commissioners and Interested Persons

From: Kevin Kahn, Central Coast District Manager
Kiana Ford, Coastal Planner

**Subject: Additional hearing materials for Th13a
LCP Amendment Number LCP-3-CAP-22-0061-2 Part B (Monarch Cove
Inn Redesignation)**

This package includes additional materials related to the above-referenced hearing item as follows:

Additional correspondence received in the time since the staff report was distributed

From: CentralCoast@Coastal
To: [Ford, Kiana@Coastal](mailto:Ford,Kiana@Coastal)
Subject: Fw: Opposition to Redesignation Proposal for Monarch Cove Inn
Date: Friday, April 26, 2024 10:30:18 AM

From: Harry <depothill2000@gmail.com>
Sent: Thursday, April 25, 2024 9:42 PM
To: CentralCoast@Coastal <CentralCoast@coastal.ca.gov>
Subject: Opposition to Redesignation Proposal for Monarch Cove Inn

Dear California Coastal Commission,

I am writing to express my strong opposition to the proposed redesignation of Monarch Cove Inn to R1 residential. As a resident of the area, I am deeply concerned about the potential negative impacts that this rezoning could have on our community.

Firstly, El Salto Rd is already a shared space, accommodating pedestrians on public trails, hotel visitors, and local residents alike. Introducing R1 zoning and adding more housing to the area would only exacerbate the issue of overcrowding. The infrastructure and resources along El Salto Rd are already stretched thin, and adding more housing units would only further strain these resources. This would negatively impact the quality of life for current residents and visitors alike.

Secondly, it's important to note that El Salto Rd is a private road and lacks sufficient maintenance compared to public roads. This means that any increase in traffic due to the addition of residential units would put additional strain on the already limited resources available for road maintenance. This could lead to further deterioration of the road and potentially compromise the safety of those who use it.

Given these concerns, I urge the Coast Commission to reject the proposal to rezone part of Monarch Cove Inn to R1 residential. Instead, I believe it is essential to prioritize the preservation of the existing community and infrastructure in the area. Any development plans should be carefully considered to ensure that they are in the best interest of all residents and stakeholders.

Thank you for considering my concerns regarding this matter. I trust that you will carefully evaluate the potential impacts of the proposed rezoning and make a decision that is in the best interest of the community.

Sincerely,

CALIFORNIA COASTAL COMMISSION

CENTRAL COAST DISTRICT
725 FRONT STREET, SUITE 300
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Th13a

**LCP-3-CAP-22-0061-2 PART B (MONARCH COVE INN
REDESIGNATION)**

MAY 9, 2024 HEARING

CORRESPONDENCE

Ford, Kiana@Coastal

From: Dan Da Man <awsumd@msn.com>
Sent: Wednesday, April 10, 2024 9:48 AM
To: CentralCoast@Coastal
Subject: Public Comment on April 2024 Agenda Item Thursday 14a - City of Capitola LCP Amendment No. LCP-3-CAP-22-0061-2 Part B (Monarch Cove Inn Site Redesignation).

Follow Up Flag: Flag for follow up
Flag Status: Completed

Categories: Forwarded

The fact that a simple item has been delayed for several years is a testament to the disfunction of the Commission and it's mission. The owners will be dead by the time you get anything done and not one positive outcome will occur as a result of your inaction!
The property is at the end of a dead end street and the neighbors have complained about the Inn activities for decades and the owners simply want to have it zoned as residential, simple request with City of Capitola concurrence. What is the problem CCC??