



Economic Development Updates

OCTOBER 23, 2025



Background

FY 2025-26 Budget: Rename Department:

Community and Economic Development (CED)

Department

Department's expanded focus on economic vitality in addition to building and planning.



CED Mission

To promote development that supports attainable housing, economic opportunities, community wellbeing, and environmental stewardship. The Department provides responsive, high-quality services and programs that enhance the quality of life for residents, businesses, and visitors within Capitola's built and natural environments.



Partner Entity Presentations

1. Capitola Village and Wharf Business Improvement Association
2. Capitola Soquel Chamber of Commerce
3. Visit Santa Cruz



41st Avenue Corridor Plan

Establish long-term vision for 41st Avenue

- Focus areas: Multimodal mobility, placemaking, public realm, safety and accessibility, and efficiency
- Public Outreach: Stakeholder and community outreach
- Next Steps: Draft community goals from outreach, design concept plan, 2nd round community outreach



Zoning Code Updates

- Capitola Mall Updates – Economic consultant on team
- Supporting hotel development is a great economic development tool
 - Hotel transient occupancy tax (TOT) is 12% of which the City receives 100%
 - Sales tax is 9.25%, of which the City receives 1.5%
 - Property tax is 1% of assessed value, of which City receives 7.47% on average



Wharf Master Plan

Future Attraction in Capitola Village

June 26, 2025: City Council direction to proceed with flexible market space concept with full-service restaurant

Master Plan scheduled for adoption early 2026

Utilize master plan to attract interested private investors in leasing wharf area and developing the vision.



Business Engagement

Stakeholder meetings with local businesses/property owners

Current focus 41st Avenue

- Mall Zoning Updates
- 41st Avenue Corridor Plan



On-Call Econ Dev Services

- FY 25/26: \$20,000 for on-call ED services
- Request for Qualifications – September 2025.
 - Selected Keyser Marston
- Scope:
 1. Addressing Commercial Vacancies,
 2. Fiscal Analysis of Population Projections and Development Applications,
 3. Incentivizing New Hotel Development,
 4. Other on-call ED support, as needed



Questions/Comments
