



Outlook

[PDF] 11.19.25 Planning Commission Comments - MGP

From Jamas Gwilliam <jgwilliam@merlonegeier.com>

Date Wed 11/19/2025 9:30 AM

To Herlihy, Katie (kherlihy@ci.capitola.ca.us) <kherlihy@ci.capitola.ca.us>

Cc PLANNING COMMISSION <planningcommission@ci.capitola.ca.us>

 1 attachment (224 KB)

MGP Letter 111925 PC Meeting.pdf;

Katie,

Please find attached our thoughts related to the draft code amendment language that will be discussed tonight at the Planning Commission meeting.

Thank you,

Jamas Gwilliam
Managing Director

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NOVEMBER 19, 2025

BY ELECTRONIC MAIL

Katie Herlihy, Community and Economic Development Director
City of Capitola
420 Capitola Ave.
Capitola, CA 95010

kherlihy@ci.capitola.ca.us

Re: November 19, 2025, Planning Commission Item 5A; Capitola Mall Zoning Code Amendments

Dear Ms. Herlihy:

On behalf of Merlone Geier, thank you for providing the opportunity to provide comments on the draft code amendment language related to our property, the Capitola Mall. We remain committed to working closely with the City to achieve shared goals for housing, retail vitality, and long-term community benefit.

1. Timing and Sequence of Zoning Related Actions

- a. We would request an update on the anticipated timing for adoption of these Zoning Amendments and for public rollout and consideration of the proposed Objective Design Standards that are referenced in several locations in the proposed Zoning Amendments.
- b. Please also clarify the sequence in which you expect the Zoning Amendments and the Objective Design Standards, respectively, to be finally adopted. While it is important to MGP for the zoning actions to proceed expeditiously, we also have concerns with Zoning Amendments becoming effective as to the Mall property (and supplanting other existing zoning) at a time when the final, adopted content of several critical development standards has not yet been established.

2. Aggregation of Standards, Requirements, and Benefits Across Parcels in Common Ownership

- a. Successful redevelopment of the Mall will require the ability to calculate standards – including for minimum and maximum density, open space requirements, parking etc. – across parcels that are held in common control. This is necessary both for the successful phasing of the project and to achieve more integrated design and functionality of the multiple MGP parcels.

- b. We would request that the Planning Commission include a provision along the following lines: “Where existing or future parcels are held in common ownership at the time of entitlement, the development standards and requirements throughout Section 17.24.035 (and other sections cross-referenced therein) shall be calculated in the aggregate across the lot or parcel lines of such existing or future parcels.”

3. Enabling Standalone Affordable Housing Solutions

- a. We understand City staff is supportive of allowing the potential for satisfaction of any applicable on-site inclusionary requirement through the delivery of a standalone 100% affordable building containing most or all of the affordable units that would otherwise be required within one or more market rate buildings. MGP is also supportive of allowing for this possibility.
- b. There are many examples of successful 100% affordable buildings throughout the state. Such projects allow for more coordinated, effective, and efficient delivery of on-site services to residents. They also pave the way for more successful ownership and operation of a project’s below market rate units by developers with substantial experience operating and maintaining such buildings and the financing sources to facilitate their development.
- c. We would request that the Planning Commission include a provision along the following lines: “Any inclusionary affordable housing applicable to a project subject to Section 17.24.035 may satisfy some or all of such inclusionary requirement through the delivery of one or more standalone 100% affordable buildings to be located on all or a portion of one of the Capitola Mall Housing Element Sites.”

4. Parking Requirements

- a. At the Planning Commission meeting on October 30, 2025 there was a conversation related to parking minimums / maximums for multifamily buildings. MGP has conducted additional research on the topic and based on market studies would like to refine / clarify our prior recommendation. We suggest the following parking requirements (which would include guest parking spaces):

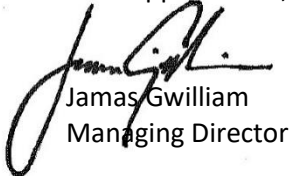
Unit Size	Minimum Spaces/Unit
Studio	0.8
1 BR	1.0
2 BR	1.6
3 BR	2.0

5. Clarify Policy on Height Projections

- a. Section 17.24.035.D.3 states that, as to qualifying mixed-use projects, height projections (including elevator overruns and stair enclosures) are permitted at “up to fifteen percent of the total building frontage along a perimeter street” in an amount up to 10 feet above maximum building height identified in Table 17.24-6.
- b. We expect there will be the need for elevator overruns, stair enclosures, and mechanical equipment that would exceed maximum allowable heights in both qualifying and non-qualifying projects. We also expect that those types of height projections would need to occur not just in a small portion of building frontages along a perimeter street, but also in more central, non-frontage areas.
- c. We would request modifications to clarify that height projections for elevator overruns, stair enclosures, mechanical equipment and similar building infrastructure be permitted in all categories of projects in the Mall and in all envelopes of the buildings (not just frontages along certain streets).

We appreciate the effort that has gone into preparing the draft code amendments and appreciate your consideration of our comments. Merlone Geier is committed to helping the Capitola Mall evolve into a vibrant mixed-use neighborhood that provides new housing opportunities, supports local businesses, and enhances the community’s sense of place.

With appreciation,



James Gwilliam
Managing Director

cc: City of Capitola Planning Commission via email planningcommission@ci.capitola.ca.us