

Capitola Planning Commission

Agenda Report



Meeting: December 4, 2025

From: Community and Economic Development

Address: Capitola Mall Properties

Project Description: Amendments to Capitola Municipal Code Title 17: Zoning Code and the General Plan Land Use Element for Capitola Mall properties located between Clares Street, 41st Avenue and Capitola Road. The proposed amendments implement the 6th Cycle Housing Element of the General Plan to facilitate mixed use redevelopment on Capitola Mall properties. The Zoning Code is part of the City's Local Coastal Program (LCP) and amendments require certification by the California Coastal Commission before taking effect in the Coastal Zone.

Recommended Action: Consider amendments to the draft Zoning Code and General Plan amendments and either 1) adopt resolutions recommending the City Council adopt the proposed Zoning Code and General Plan amendments or 2) continue the item to the January 15, 2025, Planning Commission meeting.

Representatives: Ben Noble, Consultant
Katie Herlihy, Community and Economic Development Director

Background: The City of Capitola is preparing Zoning Code amendments to accommodate residential development on the Capitola Mall property as called for by the General Plan Housing Element. The Planning Commission held study sessions on these amendments on October 2, October 30, and November 19, 2025, and the City hosted a community meeting on October 8, 2025. Further background information about the amendments can be found in the November 19, 2025 Planning Commission staff report (Attachment 3 includes a link to the agenda materials for this meeting).

On November 19, 2025, the Planning Commission reviewed draft Zoning Code Amendments with development standards, land use regulations, and permit requirements for development projects on the Capitola Mall property. The Planning Commission received public comment, including from Capitola Mall property owner Merlone Geier Partners (MGP), and directed staff to make changes to the draft amendments as described below.

Following the November 19, 2025 meeting, the City completed draft objective design standards for Capitola Mall development projects. All draft Zoning Code Amendments for the Capitola Mall property are now complete, including the amendments previously reviewed by the Planning Commission (with revisions) and the new objective design standards.

Proposed Amendments: Attachment 1 contains a draft Planning Commission resolution recommending the City Council adopt the corresponding/concurrent General Plan Land Use text amendment (Exhibit A to Attachment 1).

Attachment 2 contains a draft Planning Commission resolution recommending the City Council adopt the proposed Capitola Mall Zoning Code Amendments. Exhibit A to Attachment 2 contains the Zoning Code Amendments and Exhibit B contains the Local Coastal Program Consistency Analysis.

Amendments to Existing Zoning Code Chapters

As noted above, the Planning Commission reviewed draft amendments to Chapter 17.24, 17.82, 17.88 and 17.160 on November 19, 2025. The draft amendments to these chapters in Attachment 2 include the following changes based on Planning Commission direction provided on November 19, 2025:

- Minimum commercial space for a qualifying mixed-use project increased to 40,000 square feet.
- Minimum parking for qualifying mixed-use projects reduced to number of spaces requested by MGP.
- Personal service uses removed as a permitted “P” use for qualifying mixed-use projects.
- Consistent perimeter zone of 125 feet.

In addition to these changes, the amendments in Attachment 2 also include the following revisions to the Zoning Code chapters previously reviewed by the Planning Commission:

- The term “qualifying mixed-use project” is changed to “Tier 2 mixed use project” and the term “other residential and/or mixed-use projects” changed to “Tier 1 projects”
- Clarifies all residential development on a Capitola Mall Housing Element Site is subject to the 20 percent Housing Element affordability requirement as originally intended.
- Adds density limit for Capitola Mall Properties not included in the Housing Element Sites Inventory at 20 dwelling units per acre.
- Expands allowed height projections to include mechanical equipment and similar building infrastructure for all buildings, not just buildings fronting a perimeter street (change made in response to Merlone Geier request).

New Objective Design Standards

The proposed Zoning Code amendments in Attachment 2 include objective design standards for Capitola Mall redevelopment. These standards are new and were not previously reviewed by the Planning Commission. The objective design standards will apply to all development on the Capitola Mall property except for improvements and minor additions to existing buildings. Existing Zoning Code Chapter 17.82 (Objective Standards for Multifamily and Mixed-Use Residential Development) would not apply to development on the Mall property.

Noteworthy design standards in Chapter 17.57 include the following:

- Streets and Circulation
 - Required locations for new streets intersecting Capitola Road, Clares Street, and 41st Avenue.
 - Required new internal streets proving connections between perimeter streets.
 - Maximum 450 feet block lengths.
 - Required internal pedestrian and bicycle circulation system.
 - Required perimeter and internal street pedestrian realm frontage improvements.
- Publicly Accessible Open Space
 - Minimum amount of open space: 2.5 percent of site area for qualifying mixed-use development and 5 percent of site area for other projects.
 - Permitted types of open space: plazas, squares, parks, parklets, paseos/pedestrian paths.
 - Reduced open space landscaping requirement for Tier 2 mixed-use projects
- Parking and Vehicle Access
 - Allow continued use of existing surface parking lots.
 - Limitations on width and frequency of driveways crossing an internal sidewalk.
 - Disallowed street-facing garage doors serving individual units.
 - Structured parking concealed from view.

- Building Placement and Orientation
 - Required building setbacks consistent with pedestrian realm standards for internal and perimeter streets.
 - Permitted upper-level building projections into required setbacks and frontage zones.
 - Required entries facing an adjacent street, publicly accessible pathway, or publicly accessible open space.
- Building Massing
 - Maximum building length: 450 feet.
 - Required building massing breaks for buildings longer than 200 feet.
 - Reduced building heights along perimeter streets (standard in Chapter 17.24)
- Facade Design
 - Required unique facade identities for building longer than 200 feet.
 - Residential ground-floor design standards: transparency, active uses, finished floor level, entry design.
 - Commercial ground-floor design standards: ground-floor height, transparency, blank wall length, tenant space depth.
 - Hotel ground-floor design standards: ground-floor height, transparency, blank wall length, entrance design, drop-off area, street-facing lobby.
 - Required 2-inch change in plane for windows and doors.
 - Rooftop mechanical equipment screened from view.
 - Prohibited exterior facade materials.
- Other Site Features
 - Refuse storage and collection areas and ground-mounted mechanical equipment screened from view.

Chapter 17.57 also includes a process to allow deviations from mall redevelopment design standards. As with the existing design standards in Chapter 17.82, the Planning Commission may approve a deviation upon finding that 1) the project incorporates an alternative method to achieve the intent statement that proceeds the standard; and 2) the requested is needed due to unique site conditions and/or to provide for a superior project design.

General Plan Amendments

Attachment 1 contains a text amendment to the General Plan Land Use Element Action LU-9.3 needed for consistency with the proposed Zoning Code Amendments and Housing Element. No changes have been made to this amendment since it was reviewed by the Planning Commission on November 19, 2025.

DISCUSSION: As discussed in the November 19, 2025 staff report, the draft Zoning Code Amendments comply with state housing laws while also incentivizing mixed-use redevelopment of the Capitola Mall as envisioned in the City's General Plan. The amendments create a new tiered system, with Tier 1 residential-only or mixed-use projects (originally referred to as Other Housing/Mixed Use project) and Tier 2 mixed-use projects (originally referred to as a Qualifying Mixed Use project). Tier 2 mixed-use project standards aim to encourage desired project features (retail and hotel) through incentives to the property owner (added height and decreased parking and open space requirements). State law requires the City to allow a developer to proceed with a Tier 1 residential-only project; therefore, the City hopes to avoid adopting mixed-use project standards that are overly-burdensome or financially infeasible to incentivize a developer to propose a Tier 2 mixed-use project.

The objective design standards focus on design issues important to the successful mixed-use redevelopment of the Capitola Mall. Street and circulation standards would establish a new block pattern with new streets and improvements that maximize connectivity for vehicles, bicycles, and pedestrians. Publicly accessible open space standards require new plazas, parks, and other open space to provide public gathering areas, enhance community identity, and support social interaction. These site layout and design standards focus on the quality of the public realm as the foundation for a successful mall redevelopment project.

The objective design standards aim to ensure that new development at the mall reflects the scale, rhythm, and authenticity of a traditional urban block. Because Capitola does not have a singular architectural style, the standards require varied and distinct façade identities at regular intervals to introduce visual diversity within each block. This approach prevents a large project from appearing monolithic and supports a streetscape character that is consistent with Capitola's eclectic and varied architectural environment.

Building design standards emphasize reducing the perceived mass and box-like appearance of buildings. Buildings over 200 feet in length must include massing breaks and unique facade identities with visually distinct portions of the building frontage. Ground-floor building facades facing a street or publicly accessible open space must include transparent windows, visually prominent entries, and other features to support an active and welcoming pedestrian environment.

The objective design standards do not mandate specific architectural styles and do not include prescriptive standards for roof forms, windows, balconies, and other building elements. Instead, the standards focus on basic element of successful urban design while providing project designers with the flexibility to meet these standards in a variety of different ways. This approach encourages design diversity within a mall redevelopment project as an essential component for authentic placemaking consistent with Capitola's unique identity and sense of place.

CEQA: The Capitola Mall Zoning Code Amendments are exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code 21080.085, which states that "This division does not apply to a rezoning that implements the schedule of actions contained in an approved housing element pursuant to subdivision (c) of Section 65583 of the Government Code." Here, the Housing Element's Program 1.7 sets for a schedule of actions calling for the City to update the Zoning Code to facilitate Mall redevelopment by allowing up to 75 feet in height, excluding parking from FAR calculations, allowing development up to an FAR of 2.0, and adopting objective development standards. Because the proposed Zoning Code amendments implement this schedule of actions, its adoption is exempt from CEQA.

For the General Plan Amendment, the amendments were analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. The amendments bring the Land Use Element into conformance with the adopted Housing Element consistent with the proposed Zoning Code Amendments. There are no proposed changes to the General Plan that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

Next Steps: If the Planning Commission recommends the City Council adopt the proposed Zoning Code amendments, the City Council will hold a public hearing to consider the proposed amendments on January 22, 2026. The Planning Commission may also continue the item to the January 15, 2026, Planning Commission meeting, which will likely delay Council review of the amendments until at least February 2026.

Attachments:

1. Draft Resolution Recommending City Council Approval of Proposed General Plan Text Amendment
 - Exhibit A: General Plan Land Use Element Text Amendment
2. Draft Resolution Recommending City Council Approval of Proposed Capitola Mall Zoning Code Amendments
 - Exhibit A: Zoning Code Amendments
 - Exhibit B: LCP Consistency Analysis
3. November 19, 2025 Planning Commission Agenda Packet link:
<https://meetings.municode.com/adaHtmlDocument/index?cc=CAPITOLACA&me=2286edc1a94b46629a2d0ddf7582ae66&ip=True>

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