

## Moss, Julia

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**From:** Santa Cruz YIMBY <santacruzylimby@gmail.com>  
**Sent:** Thursday, June 8, 2023 9:23 AM  
**To:** Herlihy, Katie (kherlihy@ci.capitola.ca.us)  
**Cc:** City Council; PLANNING COMMISSION; hello@santacruzylimby.org  
**Subject:** [PDF] Santa Cruz YIMBY Response to City of Capitola Draft Housing Element  
**Attachments:** Santa Cruz YIMBY Response to City of Capitola Draft Housing Element.pdf;  
SUPPLEMENT - Santa Cruz YIMBY Detailed Response to City of Capitola Draft Housing Element.pdf.pdf

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Director Herlihy (cc Mayor, Vice Mayor, Councilmembers and Planning Commissioners),

Thank you for the effort you and your staff have put in on this Draft Housing Element. We appreciate the opportunity to provide feedback on this important planning document.

Please find attached Santa Cruz YIMBY's response to the City of Capitola Draft Housing Element. There are two documents:

- Santa Cruz YIMBY Response to City of Capitola Draft Housing Element
- SUPPLEMENT: Santa Cruz YIMBY Detailed Response to City of Capitola Draft Housing Element

Let us know if you have any questions or require clarification.

Thank you,  
Elizabeth Madrigal  
Ryan Meckel  
Janine Roeth  
Rafa Sonnenfeld  
Santa Cruz YIMBY leads



June 8, 2023

To: Katie Herlihy, Community Development Director  
CC: Capitola City Council, Capitola Planning Commission  
City of Capitola  
420 Capitola Ave  
Capitola, CA 95010

RE: Draft Housing Element (May 2023)

Santa Cruz YIMBY advocates for abundant housing at all levels of affordability to meet the needs of a growing population in Santa Cruz County. We support sustainable growth, including along transportation corridors and activity centers and a commitment to lower Vehicle Miles Traveled by housing people near services and jobs.

We submit the following comments on the City of Capitola's 6th cycle Housing Element draft of May 10, 2023<sup>1</sup>.

Summary of feedback:

- The City has not adequately considered and addressed the constraints which currently limit housing production.
- The programs in this draft will not enable the 2000% increase in housing production needed to meet the 6th cycle RHNA.
- Capitola's failure to meet its 5th cycle RHNA, particularly the low-income targets, highlights the need for a stronger approach towards housing construction at the mall, affirmatively furthering fair housing, and promoting affordable housing development.
- Please see this supplemental document<sup>2</sup> for more granular feedback.

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<sup>1</sup> [Capitola Housing Element Update - Public Review Draft 5.10.2023](#)

<sup>2</sup> [Detailed Response to City of Capitola Draft Housing Element](#)

## ***Housing Production***

In the 5th cycle (2015-2023), Capitola permitted only 60 units, none of which were multifamily projects larger than four units<sup>3</sup>. Extrapolated to the upcoming 6th cycle, this level of production is 4% of the 1336 units the City must plan for. In order to meet this target, Capitola needs to see production increase by 2000%.

Given the lack of substantial housing development in Capitola thus far, and without substantial changes to the status quo, it is difficult to accept the City's claims of future progress. Capitola's Housing Element must more directly address what has hindered housing production to date, and add incentives to produce significantly more housing in the coming eight years.

Capitola recently completed an Affordable Housing Fee Feasibility Assessment<sup>4</sup> which concluded that with current conditions, NO rental development pencils out: "Even without any inclusionary requirements or in-lieu/impact fee obligations, rental development appears to fall somewhat short of industry-standard return thresholds."

Capitola must better analyze the extent to which zoning and development standards are constraints on housing. While Capitola acknowledges "market constraints" as a hindrance to achieving maximum density, the City has yet to thoroughly examine whether revising development requirements<sup>5</sup> and associated land use controls could effectively incentivize development.

We want to see yearly monitoring to verify that development is occurring on schedule, with more specific commitments e.g upzoning of specific areas listed in this Housing Element or modification of other zoning/development standards if housing is not being developed on schedule.

Critical goals such as Affordable Housing Development (Goal 2.0), Housing for Persons with Special Needs (Goal 3.0) and Affirmatively Furthering Fair Housing (Goal 7.0) are predicated on an increased housing supply. Without a genuine commitment to programs that result in the actual construction of additional housing units, the realization of these goals, which aim to foster an "economically and socially balanced community," will remain unattainable at best and continue to harm Capitola's most vulnerable populations at worst.

## ***Probability of Meeting Low Income Targets***

Capitola has indicated 50% of the units as lower income for nearly every parcel in the Site Inventory, but provides little evidence that the City's existing zoned capacity will

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<sup>3</sup> [HCD Annual Progress Report Dashboard](#)

<sup>4</sup> [Affordable Housing Fee Feasibility Assessment, 2021](#)

<sup>5</sup> Housing Element, 3-10

realistically produce this level of affordable units. The City considers 20 du/acre “adequate for facilitating the production of affordable housing”<sup>6</sup> even as many of Capitola’s sites have realistic densities that fall short of this level<sup>7</sup>. The City is also considering “recent development trends within Capitola” for the suitability to different income levels, despite having little development history to trend. Less than 12% of permitted units in the 5th cycle were very low income (VLI) or low (LI) units. Six of these units were non-deed restricted ADUs and the other was a non-deed restricted single family home.

Capitola claims<sup>8</sup> that the City's Affordable Housing Overlay (AHO)<sup>9</sup> and local Density Bonus ordinances “are actually more successful in lowering per unit land costs than are across-the-board zoning changes that allow density increases,” however, neither has been used to build affordable housing. Neither ordinance provides greater incentives than State Density Bonus law (SDBL), and the City's zoning and development standards such as building height, FAR, and parking introduce constraints that preclude housing projects from achieving even base densities.

The site inventory identifies a significant number of small parcels for consolidation and development, all of which are projected to accommodate low income units. Per HCD’s Site Inventory Guidebook<sup>10</sup> “A parcel smaller than one half acre is considered inadequate to accommodate housing affordable to lower income households, unless the housing element demonstrates development of housing affordable to lower income households on these sites is realistic or feasible.”

The City acknowledges that “[s]everal of the non-vacant sites identified consist of multiple smaller parcels with different owners, and their development within the planning period will depend on whether they can be consolidated.”<sup>11</sup> The Housing Element includes no programs or policies in the Housing Plan with specific incentives to facilitate consolidation.

Capitola’s existing affordable housing stock is at risk as well: 78% of Capitola’s housing stock is over 30 years old<sup>12</sup>. Two of the larger rental properties with extremely low and very low income homes serving those with disabilities and seniors are now old enough that they may require rehabilitation in this cycle<sup>13</sup>.

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<sup>6</sup> Housing Element, 4-18

<sup>7</sup> Housing Element, Appendix D

<sup>8</sup> Housing Element, 3-3

<sup>9</sup> [Capitola Municipal Code 17.40.020](#)

<sup>10</sup> [HCD Site Inventory Guidebook, page 16](#)

<sup>11</sup> Housing Element, 4-21

<sup>12</sup> Housing Element, 2-42

<sup>13</sup> Housing Element, 2-52 - 2-53

## ***Rezoning and Development Standards as Constraints***

We expect projects in the C-C, C-R, and MU-N zones to make use of State Density Bonus law for feasibility of development of affordable housing. Currently, Capitola zoning codes include constraints and limitations that could limit affordable multifamily or mixed-use housing from achieving assumed base densities. These include building height, FAR and parking requirements.

*Program 1.6 “Development Regulations”* must be more specific and go further. The City must do more than “consider” modifications and more often than once by the end of 2024. We recommend yearly monitoring to verify that the development is occurring on schedule, with specific intra-cycle commitments if not. Informed by market analysis, these commitments could include:

- Upzoning of specific areas listed in this Housing Element
- Increased building height that enables the density that Capitola needs in the C-C and C-R districts, including the mall project or other mixed-use development.
- Increased FAR along other corridors emphasized in the site map (Capitola Rd, Clares St, and Bay Ave), as is the case with the 41st Ave corridor

Other commitments could be:

- Tracking commercial occupancy, and if vacancy is too high, relax commercial requirements in favor of more residential, including live/work units
- Reduced parking requirements (see “Parking” below)

## ***Capitola Mall***

We would like to see more in the Housing Element to indicate that the City is determined to see the Capitola Mall (“Mall”) project succeed. The projected affordability of 50% low income (total 435 units) is unrealistic. If the City is in fact committed to seeing the Mall developed and misses this affordable target, the City has a daunting task to identify other sites under the No Net Loss law.

Rather than true incentives to ensure this project moves forward, we see hurdles. The Mall requires a “Development Agreement” and after that, “various entitlements would be required for residential development.” Through the Incentives for Community Benefits<sup>14</sup> Capitola offers modest benefits of increased FAR (2.0) and height (50’) for items of significant cost as well as discretionary review. This clearly has not facilitated development along 41st Ave as intended.

In contrast, Capitola could seek permissive standards or streamlined approvals that make it attractive for a developer to build affordable housing, including use of recently enacted state laws. As just one example, Capitola Mall is an ideal site for AB

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<sup>14</sup> [Capitola Municipal Code Chapter 17.88 INCENTIVES FOR COMMUNITY BENEFITS](#)

2011<sup>15</sup> which incentivizes affordable housing development on commercial properties. A program to develop local implementation ordinances that go beyond state law would incentivize the affordable housing on sites along the transit corridors that make up much of the City's site inventory.

### ***Affirmatively Furthering Fair Housing (AFFH)***

AFFH compliance includes the distribution of affordable housing throughout a city. The site inventory is focused on the west side of Capitola, so the RHNA low income group is concentrated in the western area of the community. The east side of Capitola has a large amount of R1 zoning and contains several schools and parks. In this area, the current site inventory identifies two church sites, one school site and ADUs, totalling only 14 low-income units.

Because all of Capitola is a high (or highest) resource area according to the 2023 TCAC map<sup>16</sup>, AFFH goes beyond the site inventory to include housing programs and plans that enhance housing mobility and encourage development of new affordable housing.

Capitola has a local employment base made up of relatively low-wage jobs in the service, retail, and tourism sectors.<sup>17</sup> The City recognizes that its high-cost housing precludes these employees from living in Capitola which may contribute to the City's comparatively low degree of racial and ethnic diversity.<sup>18</sup> A supply of housing that is affordable to the Capitola workforce would reduce the need for these workers to commute from out of the area.<sup>19</sup> and add to the diversity of the City.

Capitola can promote naturally occurring missing middle<sup>20</sup> affordable housing more equitably throughout the entire city. Capitola mentions missing middle housing in the Housing Needs Assessment, but the program to support this is simply exploration of "options". We urge the City to adopt more specific and rigorous programs for missing middle housing which would include:

- If it is legal to build a 5000 square foot house for one family it should also be legal to build two 2000 square foot homes or three 1300 square foot homes in the same building envelope throughout Capitola. Consider amending zoning to permit 5 DUA on all parcels. This can be achieved without an EIR thanks to Senate Bill 10<sup>21</sup>.

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<sup>15</sup> [AB 2011 - California YIMBY](#)

<sup>16</sup> [2023 CTCAC HCD Opportunity Map](#)

<sup>17</sup> Housing Element, 2-8

<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> [Missing Middle Housing](#)

<sup>21</sup> [SB 10 - California YIMBY](#)

- Expand ADU programs beyond website updates and one intra-cycle review, including an ADU bonus program to incentivize more affordable ADUs.
- Update the City’s SB9 ordinance<sup>22</sup>, including allowable square footage in alignment with underlying zoning rather than a limit of 800 sq ft each
- Reduce parking minimums to no more than half a space per unit, uncovered.
- Reduce front and rear setbacks and minimum lot size; increase heights, maximum lot coverage requirements.

### ***Intra-cycle Reviews***

Intra-cycle reviews and adjustments will be essential to housing production. In addition to an intra-cycle review for ADU development, several other intra-cycle reviews and commitments are critical if housing is not being developed on schedule:

- Update *Program 1.1 Adequate Housing Sites and Monitoring of No Net Loss* to track general RHNA progress with more specific commitments to revisions/incentives if not meeting goals
- Update *Program 1.6 Development Regulations* to include market analysis and modification of zoning and development standards with more specific commitments (described above) if not meeting goals.
- Update *Program 1.4 Mixed-Use Developments* to review occupancy/vacancy levels of commercial spaces in mixed-use zoned areas. Consider modifications to residential levels, including live/work units or other alternative housing types of *Program 1.5 Alternative Housing*.

### ***Parking***

Parking requirements significantly contribute to the cost of housing<sup>23</sup>. Capitola recognizes that existing parking requirements are a constraint yet does not commit to reducing or eliminating this barrier to housing. The requirement of 2.5 spaces per unit (regardless of bedrooms or size) is unreasonable. We see the following opportunities:

- Reduce parking minimums to no more than half a space per unit, uncovered.
- Reduce parking requirements for multifamily dwellings in C-C and C-R zones, especially for development along transit corridors or that include smaller units such as SROs.
- Remove parking studies for mixed-use developments in favor of clearly reduced objective requirements.
- More explicitly align the intent in *Program 1.6 Development Regulations* to reduce parking for senior and special needs developments with AB 2162 which has by-right approvals and eliminates parking requirements.

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<sup>22</sup> [Capitola Municipal Code 17.75](#)

<sup>23</sup> [Low-income renters pay a high, and hidden, price for city parking requirements | UCLA](#)

## ***Transit Oriented Development***

Despite being home to the Capitola Mall Transit Center, Capitola lacks any current or planned high quality transit stops. In the 2040 MTP/SCS<sup>24</sup> the Capitola Mall was identified as such a site, however, it was subsequently removed in the 2045 MTP/SCS<sup>25</sup>. We encourage Capitola to commit to working with AMBAG in the 2050 MTP/SCS (scheduled for June 2026) to designate the Capitola Mall as a planned high quality major transit stop. This designation would incentivise more sustainable, affordable, and equitable development in an area identified for large amounts of new housing in the 6th RHNA cycle.

The RTC has multiple scenarios for a passenger light rail route. In all scenarios, a station would be located at 41st Ave and in most scenarios, an additional station would be on Depot Hill<sup>26</sup>. We encourage a program to look at additional density along the Coastal Rail Trail, with a focus on these two station locations.

## ***Other Opportunities***

We noted other opportunities that could be included in the City's Housing Element, several building on recent accomplishments or in support of stated goals/policies:

### General: Policy and Programs

- Each of the policies should include a corresponding program.
- Use more action-oriented language and add specific dates throughout the 6th cycle for objectives.

### Objective Standards

Capitola recently updated the Zoning Code to incorporate Objective Standards for multifamily and mixed-use residential developments. Use Objective Standards to:

- Remove the hurdle of conditional use permits required for 90% of the total site inventory and 88% of low income units.
- Replace the subjective “balanced site design and architecture” for *Policy 5.2 “Protect the integrity of existing single-family and multifamily neighborhoods”*

### Supportive Housing

- Program 3.2 is good! Expand this and request council approval for specific projects that could go beyond the 50 units max.

### Walkable Neighborhoods

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<sup>24</sup> [https://ambag.org/sites/default/files/2019-12/AMBAG\\_MTP-SCS\\_Final\\_EntireDocument\\_PDFA.pdf](https://ambag.org/sites/default/files/2019-12/AMBAG_MTP-SCS_Final_EntireDocument_PDFA.pdf)

<sup>25</sup>

[https://www.ambag.org/sites/default/files/2022-12/REVISED\\_AMBAG\\_MTP-SCS\\_Final\\_EntireDocument\\_PDFA\\_Update\\_d121522.pdf](https://www.ambag.org/sites/default/files/2022-12/REVISED_AMBAG_MTP-SCS_Final_EntireDocument_PDFA_Update_d121522.pdf)

<sup>26</sup> <https://sccrtc.org/wp-content/uploads/2015/11/ServiceScenarioMap.png>



- Policies 5.1, 6.1, and 6.2 speak to walkable neighborhoods, alternative transportation, and a jobs/housing imbalance. Capitola employees do not live near where they work and yet there are no programs to support these policies.

### Affordable Housing Ordinances

Program 1.6 "Development Regulations", includes an update to the City's Density Bonus Law to match the state. The City has an opportunity to truly incentivize affordable housing through:

- An update to the local Density Bonus ordinance that goes further than state law
- An update to the Incentives for Community Benefits to offset costs with incentives that exceed the State Density Bonus Law and remove discretionary review
- An update to the Affordable Housing Overlay (AHO) that goes beyond offering minimum Mullin (20 du) density for 100% affordable housing to one that exceeds the SDBL or does not preclude the use of SDBL

### Mobile Homes

- Program 2.1 Mobile Home Park Assistance - this section should include making permanent the Mobile Home Park Rent Stabilization recently passed

### Ministerial Approval

- We recommend Capitola explicitly identify the types of projects eligible for ministerial approval by City staff, e.g. projects under 50 units or 100% affordable that meet Objective Standards.

### Site Inventory

- There are state-owned parcels on the site inventory without evidence that the state wishes to develop them with housing:
  - Department of Motor Vehicles location at 4175/4200 Capitola Rd<sup>27</sup>.
  - New Brighton State Beach<sup>28</sup>

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<sup>27</sup> Parcels 03411140 and 03411146

<sup>28</sup> Parcel 03620103



## SUPPLEMENT: Santa Cruz YIMBY Detailed Response to City of Capitola Draft Housing Element

The following are detailed comments on the City of Capitola's 6th cycle Housing Element draft. Please see this document<sup>1</sup> for our thematic feedback.

### ***General***

- Many policies in the goals are not addressed with programs.
- Programs need more specific dates and less ambiguous language (“review requirements,” “evaluate the feasibility,” “consider modifications”). Often the programs use the word “facilitate” without a corresponding “how”
- Many of the programs are designed to bring code to state law, and that's it. None go beyond even as there is an urgent need to produce more affordable housing.
- Capitola's projections for the 6th cycle are optimistic given the low amount of development in the 5th cycle (overall, ADUs, etc) .
- The Capitola Mall is a critical site - there should be more in the Housing Element to indicate that the City is determined to see this project succeed and that the City is committed to getting it as a transit center through AMBAG
- There could be more on plans for equitable distribution of affordable housing throughout the city, tenant protections, creating pedestrian-oriented neighborhoods, and reducing Vehicle Miles Traveled.

### ***Site Inventory***

There are state-owned parcels on the site inventory without indications that the state wishes to develop them with housing:

- Department of Motor Vehicles location at 4175/4200 Capitola Rd. (parcels [03411140](#) and [03411146](#))
- New Brighton State Beach ([03620103](#))

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<sup>1</sup> [Santa Cruz YIMBY Response to City of Capitola Draft Housing Element](#)

## **Executive Summary**

- Page.1 “Capitola's housing stock comprises approximately 57% multifamily units. And of occupied housing units, approximately 46% are renter-occupied.”  
← is this supposed to be owner-occupied: P 2-18, “As evidenced in Table 2-12, just over half (52.3%) of the households in 2016-2020 were renter-occupied,”

## **Chapter 2: Housing Needs Assessment**

- Page 2-8 “The provision of housing that is affordable to the Capitola workforce would also reduce the need for these workers to commute from out of the area.”
  - This introduces the jobs/housing imbalance which is supported by other sections in this assessment and Policy 6.2 Strive to maintain a jobs/housing balance. There is no program for this policy.
- Page 2-15, Figure 2-4 Coastal Rail Trail
  - The Housing Element describes the Rail Trail. A station would be located at 41st Ave and in most scenarios, an additional station would be on Depot Hill ([see map here](#)). The Housing Element does not include additional density along the Coastal Rail Trail, with a focus on these two station locations.
- Page 2-25: “The City has been able to meet the demand for elderly rental housing,”
  - This sentence does not mesh with the earlier one that says ] table 2-18 shows that “...housing problems and cost burden impact a majority of lower-income elderly households. Renter elderly households are particularly impacted, with 100% of extremely low, very low and low-income households facing housing problems compared to 36% of moderate- and above-moderate income elderly households.”
- Page 2-40: “ As summarized in Table 2-26 below, single-family detached homes comprise approximately 37% of the housing stock, with another 7% that is single-family attached (townhomes with independent exterior walls and utilities). In comparison, 65% of the County's housing units are single family detached homes...”
  - These figures do not match what is in Table 2-26
- Page 2-46 “Given the percentage of units rented on a short-term basis and the median rents described above, residents may face challenges in finding rental units in Capitola.”
  - And Capitola is not currently positioned to get more: Capitola's Affordable Housing Fee Feasibility Assessment from 2020 included the conclusion that NO type of rental development pencils out.

- Page 2-48 Home Purchases, Apartment Rentals and Single-Family Home Rentals are ALL unaffordable to all lower-and moderate-income households in Capitola
  - Capitola has not built affordable housing in the last cycle, creating an urgency to produce affordable housing.
- Page 2-48 “One option to increase housing options is to explore “missing middle housing.”
  - Capitola's program for missing middle housing is to “explore options”. This needs to be more expansive and bolder.
  - If it is legal to build a 5000 square foot house for one family it should also be legal to build two 2000 square foot homes or three 1300 square foot homes in the same building envelope throughout Capitola. Consider amending zoning to permit 5 DUA on all parcels. This can be achieved without an EIR thanks to Senate Bill 10.
  - Expansion of ADU programs beyond website updates and one intra-cycle review, including an ADU bonus program to incentivize more affordable ADUs.
  - Update the city's [SB9 ordinance](#), including allowable square footage in alignment with underlying zoning rather than a limit of 800 sq ft each.. Reduce parking minimums to to no more than half a space per unit, uncovered, and eliminate guest parking requirements entirely;
  - Reduce front and rear setbacks and minimum lot size; increase heights, maximum lot coverage requirements.
- Page 2-56 Inclusionary Housing Units
  - Capitola has only built 12 ownership affordable units in 18 years.
  - Capitola recently completed an Affordable Housing Fee Feasibility Assessment<sup>2</sup> which concluded that with current conditions, NO type of rental development pencils out: “Even without any inclusionary requirements or in-lieu/impact fee obligations, rental development appears to fall somewhat short of industry-standard return thresholds.”
- Page 2-58 Table 2-36
  - This table is NOT “Housing Need by Income Category for Capitola”, it is “Capitola’s RHNA by Income Category for 2023-2031”

### **Chapter 3: Constraints on Housing Production**

- Page 3-3 “Allowing for increased densities through the City’s Density Bonus Ordinance and Affordable Housing Overlay are important tools to reduce the per unit cost of land in the case of developments that include affordable housing units. These ordinances are actually more successful in lowering per

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<sup>2</sup> [Affordable Housing Fee Feasibility Assessment, 2021](#)

unit land costs than are across-the-board zoning changes that allow density increases. “

- Capitola does not have a history of using either of these (local) ordinances for affordable housing.
- Page 3-4 “The City’s efforts to allow higher density housing construction and encourage the development of smaller square footage housing units are illustrated in the Capitola Green Building Program, the Accessory Dwelling Unit Ordinance, and the City’s Density Bonus and Affordable Housing Overlay Ordinances.”
  - It is not clear where these ordinances have resulted in significant development.
  - The city’s Density Bonus ordinance is less than current state law.
- Page 3-9 Table 3.3
  - Density is a constraint for Residential, maximum density should exceed Mulliin density
  - FAR is a constraint for Mixed-Use and Commercial - it should be more than 2.0
  - Both are too low to achieve the affordability targets.
- Page 3-9: Affordable Housing Overlay
  - There is no evidence of the AHO being used to build affordable housing.
  - The overlay does NOT provide greater incentives than State Density Bonus law (SDBL) and precludes the use of the SDBL.
  - 20 du/acre is not likely workable for all-affordable
- Page 3-11, Table 3-4
  - Each of these Development Standards (FAR, min lot size, height, setbacks) should be reviewed, informed by market analysis.
- Page 3-12 “ The zoning code included Chapter 17.88: Incentives for Community Benefits. This chapter allows increased FAR and height in exchange for community benefits, such as affordable housing. The incentives are intended to facilitate the redevelopment of underutilized properties along 41 st Avenue. Qualifying projects may receive an increased FAR of 2.0 and increased maximum height of 50 feet.”
  - This ordinance introduces significant cost as well as discretionary review .This clearly has not facilitated development along 41st Ave as intended.
  - FAR of 2.0 and max height of 50’ are timid incentives. State density bonus law offers incentives through concessions and waivers.
- Page 3-12 - “Duplexes require two spaces per unit and multifamily dwellings of three or more units require 2.5 spaces per unit.”
  - Capitola Parking Standards are too high! It’s clear why they “constrain development or limit density on a site”. This is a constraint that must be addressed.

- Page 3-16 Table 3-6
  - So much of the residential multifamily requires a conditional use permit Reconcile with goal in Program 1.4 to use objective standards to streamline mixed-use - extend to include multifamily
- Page 3-17 “[Multifamily residential] is permitted with a conditional use permit in the C-C zone” and “Conditional use permit approval is common for mixed use development in many cities, due to the desire to ensure that uses are compatible and potential negative impacts of various uses sharing a site are mitigated”
  - Reconcile with goal in Program 1.4 to use objective standards to streamline mixed-use - extend to include multifamily
- Page 3-18 “ADUs that do not meet these requirements are subject to design permit review by the Planning Commission.”
  - Is this an opportunity to exceed state law with Capitola's local ADU ordinance? And to streamline more ADUs?
- Page 3-28
  - The timeline presented here is very different from the HCD's dashboard which indicates that Capitola has the longest or second longest timeline in [every stage of construction](#) in the county.
- Page 3-31 “The City plans to work with nearby jurisdictions to retain and utilize the trail right-of-way, which runs along Capitola’s entire coastal edge, and which in the short-term will likely mean a walking/bicycle trail and in the long-term may include a light-rail system. The City’s opportunity sites are also oriented to take advantage of this future alternative transportation opportunity. “
  - There is no upzoning planned for the eastern portion of Capitola which includes the Rail Trail.
  - The RTC has multiple scenarios for a passenger light rail route. In all scenarios, a station would be located at 41st Ave and in most scenarios, an additional station would be on Depot Hill<sup>3</sup>. We encourage a program to look at additional density along the Coastal Rail Trail, with a focus on these two station locations.

#### **Chapter 4: Housing Needs and Opportunities**

- Page 4-4 “ Density realization should not be construed as a result of the City’s development standards. In most instances, developers choose not to maximize the development potential of the subject property due to the economics and profitability of their investment.”
  - This is counter-intuitive.
- Page 4-5: Table 4-2: “Actual Residential Densities”

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<sup>3</sup> <https://sccrtc.org/wp-content/uploads/2015/11/ServiceScenarioMap.png>

- These are projects that do not conform to Capitola's base densities. Capitola should be using projects under Capitola's current zoning, not ones that are non-conforming from decades ago.
  - Please explain how “realistic capacity” that far exceeds zoned capacity will actually attract development that is not currently occurring.
- Pages 4-6 through 4-17
  - These are projects that do not conform to Capitola's base densities. Capitola should be using projects under Capitola's current zoning, not ones that are non-conforming from decades ago.
- Page 4-18 “Estimating Potential Units by Income Category”
  - 20 du, or the Mullin density is the minimum for affordable housing.
  - Note that many of Capitola's sites have a realistic density of <20du
- Page 4-20 ADUS “the City assumes a projection of six ADUs...”
  - Uncertain how Capitola arrive at this based on the approach of average production:
    - (3) in 2019, (5) in 2020, (8) in 2021 and (7) in 2022 is a total of 23 for 4 years
    - That would mean Capitola can expect 46 in 8 years.
  - The [HCD dashboard](#) (Construction:Structure Type) is very different
    - (3) in 2018, (2) in 2019, (5) in 2020, (2) in 2021 and (2) in 2022 is a total of 14 for 5 years
    - That would mean Capitola can expect  $14 * 8/5$  or 22 for the eight years.
  - Or explain the discrepancy with the APR reports to HCD
- Page 4-20 “the City will seek to streamline processing of proposed accessory dwelling units”
  - Isn't this the law? There's no program to do additional streamlining of ADUs.
- Page 4-21 “As detailed in Appendix D: Sites Inventory, all parcels identified as affordable that are less than 0.5 acres in size are assumed to be consolidated into clustered sites that are a minimum 0.5 acres in size”
  - On what basis is this assumption made?
  - Not sure what detail Capitola is referring to in Appendix D
- Page 4-21 “The city's efforts to facilitate lot consolidation...”
  - None of these appear in the programs
  - Parking reductions should be in discussion everywhere.
- Page 4-22 “Five units each were assigned to both the Shorelife Community Church and Saint Josephs Catholic Church properties”
  - Is there evidence of interest? Have there been discussions with these congregational bodies?
- Page 4-23: Vacant Land “The only two vacant parcels within the City are designated Mixed Use Neighborhood (MU-N) and can accommodate

residential uses. Combined, these contiguous parcels have the realistic capacity to yield 29 housing units.”

- This is not what table 4-4 says (which is same as Site Inventory)
- Page 4-24 Non-Vacant Sites “The City’s RHNA of 1,336 units is considered very high,”
  - “Very high” relative to what? It is based on the AMBAG methodology which takes into account jobs, growth, etc.
- Page 4-24 Non-Vacant Sites “These numbers have been derived by analyzing recent development trends within Capitola and the surrounding communities.”
  - Capitola has little development from which to identify a “trend”
  - Since developers aren’t currently building housing, what will change to entice them to do so?
- Page 4-24 Non-Vacant Sites “However, the non-vacant sites selected for inclusion in the inventory have been chosen because they represent the best opportunities to add significant numbers of units to the City’s housing stock”
  - Since developers aren’t currently building housing, what will change to entice them to do so?
- Page 4-27 Capitola Mall Site
  - Is Capitola determined that this project succeeds? What are the incentives the City is prepared to offer?
  - Will make compliance with the No Net Loss law very daunting if the affordable component isn’t met.
- Page 4-28 “The City intends to establish a Development Agreement (DA)...”
  - Why this “added layer”? Why are there “various entitlements”?
  - Once again, the FAR and height increases are meager and require additional costs, etc. in the form of “community benefits”
  - How about more permissive standards and streamlining of the approval process?

## ***Housing Plan***

- Page 5-1 - Title Copy/Paste from 5th cycle - not 2015-2023 Housing Element.
- The relationship of programs to policies is unclear

## ***Goal 1.0***

- The relationship of programs to policies is unclear
- Page 5.2 Program 1.1 Adequate Housing Sites and Monitoring of No Net Loss
  - These objectives are very large in scope, lack specificity and due dates.
  - We recommend yearly monitoring to verify that the development is occurring on schedule, with specific intra-cycle commitments if not. Informed by market analysis, these commitments could include:



- Upzoning of specific areas listed in this Housing Element
  - Increased building height that enables the density that Capitola needs in the C-C and C-R districts, including the mall project or other mixed-use development.
  - Increased FAR along other corridors emphasized in the site map (Capitola Rd, Clares St, and Bay Ave), as is the case with the 41st Ave corridor
- Page 5.2 Program 1.1 Adequate Housing Sites and Monitoring of No Net Loss For a city with majority R1 zoning, the last objective related to missing middle housing should be more specific and expansive”:
  - If it is legal to build a 5000 square foot house for one family it should also be legal to build two 2000 square foot homes or three 1300 square foot homes in the same building envelope throughout Capitola. Consider amending zoning to permit 5 DUA on all parcels. This can be achieved without an EIR thanks to Senate Bill 10.
  - Expand ADU programs beyond website updates and one intra-cycle review, including an ADU bonus program to incentivize more affordable ADUs.
  - Update the city’s [SB9 ordinance](#), including allowable square footage in alignment with underlying zoning rather than a limit of 800 sq ft each..
  - Reduce parking minimums to to no more than half a space per unit, uncovered, and eliminate guest parking requirements entirely;
  - Reduce front and rear setbacks and minimum lot size; increase heights, maximum lot coverage requirements.
- Page 5-3 Program 1.2 Replacement Housing
  - Only one objective to update code to state law and within 6 months?
- Page 5-3 Program 1.3 ADUs
  - Capitola's goal with ADUs is primarily a website and outreach. Is that enough?
  - What about streamlining pre-approved ADUs?
  - Earlier Capitola mentioned ADUs that require permits, and also said something about streamlining ADUs. Nothing in here touches on that.
  - Capitola have an objective of “creating ten affordable ADUs”. What’s “affordable”? Capitola's Sites Inventory has 10 Lower Income and 20 Moderate Income.
- Page 5-5 Program 1.4 Mixed-Use Developments
  - Add more specificity and dates.
  - Include removing the conditional use permit requirement for residential multi-family in favor of objective standards
  - Review occupancy/vacancy levels of commercial spaces in mixed-use zoned areas. Consider modifications to residential levels, including live/work units or other alternative housing types of Program 1.5

Alternative Housing. If there are a lot of empty commercial space in MU-N zones, then a change to RH zoning should be considered.

- Page 5-6 Program 1.5 Alternative Housing
  - Can this be tightened? It's a vague commitment: "Encourage and facilitate the exploration and possible development of other alternative housing types"
- Page 5-6 Program 1.6 Development Regulations:
  - There is only ONE deadline of Dec 2024 for the entire program!
  - Add yearly review of housing production
  - Add intra-cycle market assessment of zoning/development standards if they are lagging.
  - Align the feasibility of reduced parking for senior and special needs with AB 2162 which has by-right approvals and eliminated parking reqs.
  - "Revise parking standards to reflect that the City now allows parking studies to request flexibility for mixed-use developments" This seems a constraint. Please remove,
  - "Consider development standards modifications, streamlined processing for applications related to the creation of affordable housing, and fee modifications for projects proposing affordable units that are required to apply for variations to the existing development standards."
    - What is the timing? Also, please do not consider these concessions.
  - Make a bolder commitment to parking reform, i.e. reduction. Capitola have already admitted that Capitola's parking standards are a constraint.
- Page 5-6 - Program 1.6 Development Regulations "..address governmental constraints AND further incentivize..."

## **Goal 2.0**

- The relationship of programs to policies is unclear
- Page 5-8 Policy 2.1 Encourage continued affordability of affordable rental housing supply..."
  - "subsidized rental housing" - Add affordable housing. Saying subsidized only is too specific.
- Page 5-8 Program 2.1 Mobile Home Park Assistance
  - this section could include making permanent the Mobile Home Park Rent Stabilization recently passed
- Page 5-10 Program 2.3 Preservation of Rental Housing- "Pursue one acquisition/rehabilitation project over 8 years."
  - Which one? What's the basis for selection/decision?
- Page 5-11 Program 2.4 Housing Choice Vouchers: -

- "...with a goal of providing assistance to 240 households by December 2031" - How can Capitola actually enforce that? Will the city introduce a 5% HCV requirement to their inclusionary ordinance?
- Page 5-11 Program 2.5 Affordable Housing Development- "Facilitate the development of affordable housing through the provision of regulatory concessions and density increases under the City's Density Bonus Ordinance and the City's Incentives for Community Benefit Ordinance."
  - What about state law? Streamlining?
  - [Incentive for Community Benefit](#) should be revisited to offset costs with incentives that exceed the State Density Bonus Law and remove discretionary review. (since rental currently doesn't pencil out)
- Page 5-12 Program 2.6 Public Outreach for Housing and Community Development Activities -
  - Define "large development projects"
  - Funding - remove Low Income Housing Tax Credits as source of funding.
- Page 5-13 Program 2.7 Housing Trust Fund
  - Do Capitola have enough to do all that's listed in the first objective? Is the decision making for how to use the funds already set? Do Capitola need a bunch of "or"s in the list?
  - Add target due date(s).
- Program 2.8 Inclusionary Housing Ordinance -
  - Capitola's feasibility study says no type of rental housing development makes sense. Can this program include objectives to address the hurdles, which may include development standards like parking or constraints on height/FAR, etc
  - Add target due date(s).

### **Goal 3.0**

- The relationship of programs to policies is unclear
- Page 5-16 Program 3.1 Emergency Shelters and Low Barrier Navigation Centers
  - Only one objective has a due date and it's the first year
  - Add specificity and due dates
- Page 5-16, Program 3.2 Transitional and Supportive Housing:
  - good! Expand this and follow the lead of Santa Cruz to look at specific projects that can go beyond the 50 units max and request council approval
- Page 5-18 ,Program 3.4 Housing for Persons with Disabilities - "
  - one of the conditions for approval requires compatibility with existing and planned uses, but does not have any objective criteria for such evaluation." - Why not? Use objective standards.

- Good: Provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects that include housing for extremely-low income households. Add due dates
- Page 5-19 Program 3.5 Housing for Extremely Low-Income Households:
  - Good: Provide regulatory incentives, such as expedited permit processing, and fee waivers and deferrals, to projects that include housing for extremely-low income households. Add due dates
- Page 5-19, Program 3.6 Childcare and Daycare Facilities.
  - Investigate and encourage family affordable housing developments to include childcare facilities as they can take advantage of the LIHTC program

#### **Goal 4.0**

- The relationship of programs to policies is unclear, there is not a program to support Policy 4.3

#### **Goal 5.0**

- The relationship of programs to policies is unclear
- The programs are primarily about safety and code compliance, which doesn't fit most of the policies.
- Page 5-23 Goal 5.0 "...and the promotion of sustainable, livable neighborhoods in the face of increasing density."
  - Dense neighborhoods are sustainable and livable.
  - This doesn't help much when Capitola is also trying to allay concerns about density with color pictures of housing developments.
- Page 5-23 Policy 5.1 "Ensure a compatible relationship between new housing and circulation patterns and encourage pedestrian and bicycle-friendly communities to minimize traffic impacts on quality of life".
  - This speaks to the walkable neighborhoods, alternative transportation and jobs/housing imbalance. Capitola has a jobs/housing imbalance - there are a lot of commutes for Capitola employees IN to the City (REF).
  - There are no programs to support this policy.
- Page 5-23 Policy 5.2 "Protect the integrity of existing single-family and multifamily neighborhoods by promoting balanced site design and architecture."
  - Remove or replace with "protecting residents and neighbors by ensuring safe and sanitary conditions". Or shape the program to use objective standards, not the subjectivity of site design and architecture.
  - There are no programs to support this policy.
- Page 5-23 Policy 5.3 "Assist individual neighborhoods in establishing their own identity"

- There are no programs to support this policy.
- Page 5-24 Program 5.1 Housing Rehabilitation Program
  - Should Capitola have an objective to restructure the program by a certain date?
  - Whats the basis for selection/decision of the 16 people
- Page 5-24 Program 5.2 Code Enforcement
  - What's the basis for selection/decision of the 16 households

### **Goal 6.0**

- This goal is missing a lot of programs to support these policies.
- Policies 6.1 and 6.2 speak to the walkable neighborhoods, alternative transportation and jobs/housing imbalance.
  - Capitola has a jobs/housing imbalance - there are a lot of commutes for Capitola employees IN to the City (REF). There are no programs to support these policies
  - This is a place to address some of the concerns Capitola included in earlier sections - diversity, commutes, traffic
- Page 5-26, Program 6.1 - appears to align with Policy 6.5, should it be renumbered.

### **Goal 7.0**

- This is one of the few Goals that has concrete dates (8 year metric column)
- The relationship of the programs to policies is unclear; the headings in the table don't match the policies.
- The programs don't always match the headings
  - E.g. Tenant Protection and Anti-Displacement includes the production of housing (transitional and supportive, employee and farmworker)
- Page 5-28 the Eastern section of the city is considered "Highest" resource,
  - Capitola's site inventory is focused on the western section.
  - How will Capitola have equitable production of affordable housing with so few sites on the eastern side.
- Page 5-29 "64 ADUs"
  - This doesn't match your target for ADUs