

# Capitola City Council

## Agenda Report



**Meeting:** January 25, 2024

**From:** Community Development Department

**Subject:** Conceptual Review for Senior Living Facility at 3720 Capitola Road and 1610 Bulb Avenue

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**Recommended Action:** 1) Provide feedback on the conceptual plans for a 93-unit senior assisted-living facility and assess the community benefits of the project pursuant to Capitola Municipal Code Chapter 17.88; and 2) authorize the Mayor to sign a letter of support for the annexation of 1610 Bulb Avenue into Capitola City limits to the Local Agency Formation Commission.

**Background:** On July 6, 2022, the Community Development Department received a complete conceptual review application for an assisted-living facility with integrated memory care at 3720 Capitola Road and 1610 Bulb Avenue. The property at 3720 Capitola Road is located within the Community Commercial (C-C) zoning district. The property at 1610 Bulb Avenue is located within the County of Santa Cruz and is currently zoned residential.

The applicant sought an increase to the maximum floor area ratio (FAR) and height standards in accordance with Capitola Municipal Code Chapter 17.88: Incentives for Community Benefits. With a qualified community benefit, the C-C zone maximum height can increase from 35 feet to 50 feet and the maximum floor area ratio can increase from 1.0 to 2.0. Such increases require the City Council to find the project provides community benefits that advance the goals of the General Plan, can be accommodated by existing public services and infrastructure, and minimizes adverse impacts to neighboring properties. The applicant is seeking an increase in the FAR to approximately 1.65 and the height to 50 feet.

All incentives for community benefit applications require conceptual review prior to a formal entitlement application. Following the conceptual review, the planning commission will review the formal entitlement application request submitted by the applicant and provide recommendation to the City Council on the proposed project and requested incentives.

The original 2022 application was for an assisted living facility that included 80 rooms within a four-story building. The building was situated toward the front of the property, along the frontage of Capitola Road, with an outdoor patio and trellised entryway adjacent to the sidewalk. Parking was proposed behind the building, with vehicle access from Bulb Avenue, a residential street.

City staff sent the 2022 application to RRM Design for a third-party review of conformance with Capitola's design criteria.

The Planning Commission reviewed the application and provided feedback to the applicant during a special meeting held on October 20, 2022. There was significant public comment in opposition to the project which included concerns about vehicle noise (ambulances), traffic, privacy, tree removal, and general incompatibility with a single-family neighborhood. The Planning Commission provided feedback that the project did not appear to include an eligible community benefit. The Planning Commission meeting minutes are included as Attachment 5.

In advance of the Planning Commission meeting, staff received eight public comment letters were received in opposition to the project and are included as Attachment 6.

Following the Planning Commission meeting, the applicant put the project on hold to assess the feedback and make changes. The architect has now reversed the building orientation by moving the surface parking and primary entrance toward Capitola Road (away from the neighborhood). The rear façade of the building is now located closer to the adjacent residential property, however the design now includes a stepped back third and fourth story. The interior layout of the building was modified, and the room count

increased from 80 rooms to 93 rooms. The current proposal includes 93 units in an approximately 70,000 square-foot, four-story building. The facility can accommodate 97 residents within the 93 units.

Discussion: As a conceptual review application, the plans provide the City with a broad understanding of the intent of the use and future site planning, but do not include many of the details necessary for a complete formal application. A complete application will require a land survey, landscape plans, complete elevations, CEQA compliance, stormwater plans, architectural design review, third-party reports (traffic study), and more.

It should be noted that the current application does not include enough detail to determine compliance with all development standards and objective standards of the City Code, which will be required for an official entitlement application. Attachment 4 is a table of the C-C Zone's development standards relative to the proposed project. The updated plans were not reviewed by RRM Design for conformance with the City's design review criteria or objective design standards but will be if the applicant submits a formal application. The current application is to fulfill the conceptual review requirement, as well as receive authorization from the City Council for the proposed annexation of 1610 Bulb Avenue into Capitola city limits. The reoriented design, which puts the parking lot between the building and Capitola Road, is a response by the applicant to address feedback from the public regarding traffic and activity associated with the parking lot. However pursuant to Objective Standards in Municipal Code Chapter 17.82.060 buildings are supposed to face the street and parking lots are to be behind buildings.

Assisted living units that do not have separate eating and living facilities within the unit do not count toward the City's Regional Housing Needs Assessment (RHNA). The same is true for single room occupancy housing, dorms, and group housing. There are no affordability requirements associated with this project. The applicant reportedly explored the possibility of including affordable units within this project but concluded that privately owned assisted living facilities with affordable units are not compatible for the business model.

Incentives for Community Benefits: Pursuant to Chapter 17.88: Incentives for Community Benefits, the applicant is seeking an increase to the maximum floor area ratio (FAR) and height standards in exchange for the community benefit of a senior assisted living facility. FAR is the ratio of a building's total floor area to the size of the piece of land upon which it is built. The maximum FAR in the C-C Zone is 1.0. The applicant is seeking an increase in the maximum FAR from 1.0 to approximately 1.65, and an increase in maximum height from 35 feet to 50 feet.

The purpose of Chapter 17.88: Incentives for Community Benefits is to establish incentives for applicants to locate and design development projects in a manner that provides substantial benefits to the community. These incentives are intended to facilitate the redevelopment of underutilized properties consistent with the vision for the 41<sup>st</sup> Avenue corridor as described in the General Plan. The City may grant incentives only when community benefits or amenities are offered that are not otherwise required by the City's code. A community benefit must significantly advance the General Plan or incorporate a project feature that substantially exceeds the City's minimum requirements.

Properties located in the C-C zoning district that fronts Capitola Road between Clares Street and 42<sup>nd</sup> Avenue are eligible for incentives. Section 17.88.040 lists ten eligible project types that are considered Community Benefits, including, but not limited to, public open space, public infrastructure, pedestrian and bicycle facilities, low-cost visitor-serving amenities, childcare facilities, and more. The list does not include assisted-living facilities; however, it allows for "other community benefits not listed, as proposed by the applicant that are significant and beyond normal requirements". The applicant is seeking feedback from the Council as to whether the Council would consider the proposed 93-unit assistant living facility as a public benefit under the "other community benefits" provision.

All incentives for community benefit applications require conceptual review by the Planning Commission and City Council in which the applicant receives nonbinding input as to whether the request for incentives is potentially acceptable (17.88.070.B). Pursuant to Capitola Municipal Code Chapter 17.88.080, the City Council may approve the requested incentives for eligible projects only if all the following underlined findings can be made in addition to the findings required for any other discretionary permit required by

the zoning code. Although no action will be taken to approve or deny the project during the conceptual review process, staff has provided analysis following each finding. The applicant provided a project narrative and market demand study, included as Attachments 2 and 3.

1. The proposed amenities will provide a substantial benefit to the community and advance the goals of the General Plan.

Staff Analysis: The General Plan Housing Element highlights elderly households as a special needs group that is of important concern in Capitola. The elderly may have different needs related to housing construction, often requiring ramps, handrails, lower cupboards, and counters to allow for greater access and mobility. Fifteen percent of Capitola's residents are 65 years of age or older (1,539 residents). Capitola has several age-restricted and financially-assisted housing developments and programs that serve as resources for elderly residents, but there are currently no memory care facilities within the City.

The following goals and policies are from the recently adopted Capitola General Plan Housing Element and are supportive of senior assisted living facilities:

Goal 3.0 Housing for Persons with Special Needs - Accessible housing and appropriate supportive services that provide equal housing opportunities for special needs populations: Capitola is home to people with special housing needs due to income, family characteristics, disabilities, or other issues. These groups include, but are not limited to, seniors, families with children, people with disabilities, single-parent families, and people who are homeless or at risk of becoming homeless. Capitola is dedicated to furthering a socially and economically integrated community and therefore is committed to providing a continuum of housing and supportive services to help address the diverse needs of its residents.

Policy 3.1: Support and facilitate programs that address the housing needs of special needs groups, including the elderly population, homeless persons, single-parent headed households, large households, extremely low-income households, and persons with disabilities, including developmental disabilities.

Policy 3.3: Support the development of accessible and affordable housing that is designed to serve all ages and is readily accessible to support services.

Policy 3.6: Encourage the integration of special needs housing in residential environments, readily accessible to public transit, shopping, public amenities, and supportive services.

Policy 3.7: Encourage the provision of supportive services for persons with special needs to further the greatest level of independence and equal housing opportunities.

Policy 3.8: Investigate and encourage the development of a variety of housing options for seniors including congregate housing, continuing care retirement communities (CCRCs), assisted living, mobile home parks, co-housing, accessory dwelling units, and independent living.

2. There are adequate public services and infrastructure to accommodate the increased development potential provided by the incentive.

Staff Analysis: The site is serviced by the City of Santa Cruz Water Department and the County of Santa Cruz Sanitation Department. Both entities provided will-serve letters noting that adequate public services and infrastructure are available to accommodate the assisted living facility. The proposed facility would be located on Capitola Road which can accommodate the intensification of use.

3. The public benefit exceeds the minimum requirements of the zoning code or any other provisions of local, state, or federal law.

Staff Analysis: Not applicable. Assisted living facilities are not a requirement of the zoning code or local, state, or federal law. This criterion was put in place for public benefits which have a minimum requirement in the zoning code.

4. The project minimizes adverse impacts to neighboring properties to the greatest extent possible.

Staff Analysis: As explained in the background section of the report, the site layout has been modified since the Planning Commission review to minimize adverse impacts to neighboring properties. The proposed assisted-living facility is sited with the structure located toward the rear of the property relative to the Capitola Road frontage with the surface parking area between the road and the building. During the Planning Commission meeting, there were many complaints about traffic and noise on Bulb Avenue related to the proposed use. By moving the vehicle access, parking, and main entrance to the front of the building, the project now minimizes the impacts of vehicles on the adjacent residential neighborhood.

The project complies with the setback requirements of the C-C Zone. Along the front and street side property line, the building is at least 15 feet from the curb or street edge and the building placement allows for a minimum 10 foot sidewalk along the property frontage. The C-C zone has a no setback requirement for interior side or rear yards, unless adjacent to a residential zoning district. The property behind 3720 Capitola Road is residential, therefore a 20 rear foot set back is required. The building is proposed with 65 foot front setback, a 15 foot street side yard setback from the curb along Bulb Avenue, and a five foot setback on the interior side yard.

The architect has introduced design elements to mitigate adverse impacts to neighboring properties that include step backs in massing on the third and fourth floors, windows recessed behind balconies that face the single-family neighborhood, and no guestroom windows facing the neighborhood on the fourth floor. The conceptual design also complies with daylight plane requirements in order to not shadow adjacent residential. Additionally, most residents will not have vehicles onsite.

5. If in the coastal zone and subject to a coastal development permit, the project enhances coastal resources.

Staff Analysis: The property is not located in the Coastal Zone.

Design Review: New multi-family residential structures require a Design Permit according to §17.120.030 and compliance with the Objective Design Standard for Multifamily according to §17.82.040 – 17.82.090. The City contracted with architecture and landscape firm RRM Design Group to provide a comprehensive peer review of the assisted living facility. RRM reviewed the original application in 2022 relative to the Design Permit Criteria and the Objective Standards and provided in-depth analysis and a summary list of items to be further addressed in future revisions (Attachment 5). RRM reviewed the original 2022 version of the plan. If the City Council provides feedback indicating that it believes the proposed use provides a community benefit, the updated design will again be reviewed by RRM Design. The parking lot orientation toward Capitola Road will be further evaluated at that time and the applicant may need to request a deviation from the Objective Standards pursuant to Municipal Code Chapter 17.82.030.

The prior design review is no longer applicable to the project. The primary focus of the City Council review of the conceptual review application is to determine whether the assisted living facility qualifies as a public benefit and whether or not the City will support annexation of 1610 Bulb Avenue.

Annexation: The Local Agency Formation Commission (LAFCO) will not process an annexation request unless it is clear the City is in support and willing to provide services to the subject area. If in favor of the assisted-living facility concept and annexation, the City Council should authorize the Mayor to send a letter of support to LAFCO.

Fiscal Impact: None.

Attachments:

1. Conceptual Plan
2. Applicant's Project Narrative

3. Applicant's Market Demand Study
4. Development Standards Table
5. Planning Commission Meeting Minutes 10/20/2022
6. Written Public Comments

Report Prepared By: Brian Froelich, Senior Planner

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney

Approved By: Jamie Goldstein, City Manager