

Gautho, Julia

From: Santa Cruz YIMBY <santacruzylimby@gmail.com>
Sent: Wednesday, October 11, 2023 12:21 PM
To: City Council
Cc: hello@santacruzylimby.org; Herlihy, Katie (kherlihy@ci.capitola.ca.us)
Subject: [PDF] Santa Cruz YIMBY input to Agenda 8.B on Oct 12, 2023 meeting
Attachments: Santa Cruz YIMBY Input on Capitola Housing Element - Item 8.B Oct 12.pdf

Hello Mayor, Vice-Mayor and Councilmembers,

Please find attached our input on **Item 8.B, Citywide Housing Element Update** on your October 12th meeting agenda.

Thank you,

Diana Alfaro
Elizabeth Madrigal
Janine Roeth
Ryan Meckel
Rafa Sonnenfeld
leads, Santa Cruz YIMBY



To: Capitola City Council

Date: October 11, 2023

Subject: **Agenda Item 8.B Citywide Housing Element Update**

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.

The Housing Element is an opportunity for Capitola to address the housing crisis on its own terms. We want Capitola to have a compliant Housing Element that meets the 6th cycle RHNA, but more importantly, we want commitments to policies and programs that result in more affordable housing throughout the city.

Santa Cruz YIMBY provided detailed comments on the Housing Element drafts and had conversations with both Capitola's Community Development office and California Housing and Community Development (HCD). Our past comments are posted on our [Housing Element webpage](#). **There remain some critical changes to Capitola's Housing Element in response to HCD's letter.**

Identify and address constraints on housing development, especially affordable housing.

Add to Program 1.4 a commitment to analyze the zoning and development standards in the Incentives for Community Benefits Ordinance, using the Mall land use study to modify the incentives.

- *HCD's comment: "Other Locally Adopted Ordinances – Incentives for Community Benefit: While the element provides some general information on the City's Incentives for Community Benefit Ordinance, it should analyze the Ordinance's impact on housing supply and affordability."*
- In Program 1.4, Capitola expands the application of Incentives for Community Benefit to more sites in the Sites Inventory. It has not incentivized any development where it already applies.
- The expected land use study for Capitola Mall can inform how to change the incentives in this ordinance and more broadly affect other mixed-use sites on the inventory.

Expand Program 2.8 to analyze the zoning and development standards as constraints which affect economic feasibility of affordable housing development.

- *HCD comment: "Upon a complete analysis of potential governmental constraints, the City may need to revise or add programs and address and remove or mitigate any identified constraints."*
- In 2021, after rezoning, Capitola completed an Affordable Housing Fee Feasibility Assessment 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 look at these zoning and development standards as they affect affordable housing development. Capitola plans for 50% of units on nearly every parcel in the Site Inventory to be affordable for very-low or low income households to meet their RHNA.

Capitola can decrease processing time and costs for projects using Objective Standards

Add the use of Objective Standards in Incentives for Community Benefit Ordinance to Program 1.4

- *HCD comment: "...the element should describe the process which applicants must go through to qualify for these incentives, including any discretionary hearings or standards that might apply. Upon this analysis, the element may need to add or modify a program, as appropriate."*
- The Incentives for Community Benefits Ordinance requires discretionary review by the Planning Commission and the City Council. We urge you to update the Ordinance to rely on Objective Standards for mixed-use residential developments. This will remove uncertainty and reduce project time and costs.

Ensure use of Objective Standards in any new overlay zones, including the Program 1.8 Religious Facility Housing

- The Housing Element includes development of housing on congregational sites, especially in the low-density eastern section of Capitola. We urge you to rely on Objective Standards for multifamily and mixed-use residential developments to remove uncertainty and reduce project time and costs.

Capitola Mall

Provide more information to demonstrate the realistic development potential of the Capitola Mall.

- *HCD Comment: "While the element provides information regarding the current uses on the Capitola Mall site, it must still describe the extent to which existing uses may continue to constitute an impediment to residential development....For example, the element could address existing lease agreements, easements or property conditions that may preclude residential development, whether uses will discontinue or how uses will continue through redevelopment, replacement parking and site planning consideration, potential phasing of the project, development on non-commercial portions of the site, and other factors that support the site's redevelopment during the planning period."*
- The Housing Element does not (yet) include the likelihood of development during the 6th cycle, including feasibility, which uses will remain and timing. It focuses a lot on the history and past planning, but not on the current discussions, especially regarding affordability.
- The Capitola Mall parcels highlighted on the site inventory include all smaller commercial stores and interior of the mall which are integral to Mall operation. Capitola has not provided an "analysis that demonstrates the extent to which existing uses constitute an impediment to residential development."

Add commitments to to Program 1.7 to facilitate and monitor the Mall project

- *HCD comment: "Additionally, given the reliance on the Capitola Mall site to meet the RHNA, the element should include a program that commits to facilitating development and monitoring approvals of the projects (e.g., coordination with applicants to approve entitlements, supporting funding applications, expanding approvals, and monitoring of project progress, including rezoning or identification of additional sites, if necessary)."*
- Program 1.7 currently focuses on the land use study and updates to the zoning code based on its findings. HCD offers language that can be an added objective to Program 1.7 to facilitate development and monitor approvals and progress of the Mall.
- The projected affordability of 50% low income is unrealistic and note that if the project misses this affordable target, Capitola has a daunting task to identify other sites under the No Net Loss law.

Capitola must strengthen the commitment to transit-oriented development

Replace the reactive language of Program 1.1 with a stronger, proactive program to pursue the Capitola Mall as a planned high-quality transit stop.

- Despite being home to the Capitola Mall Transit Center, Capitola lacks any current or planned high quality transit stops. In the 2040 MTP/SCS the Capitola Mall was identified as such a site, however, it was subsequently removed in the 2045 MTP/SCS.
- The Site Inventory plans for housing along transit corridors such as 41st Ave and Capitola Rd. A high-quality transit stop at the Capitola Mall can help Capitola/affordable housing developers in securing additional funding, e.g. through grant programs that focus on transit-oriented development or reduction of green-house gasses.
- **Replace the reactive language in Program 1.1 with:** “Capitola will work 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 incentivize more sustainable, affordable, and equitable development in an area identified for large amounts of new housing in the 6th RHNA cycle.

Develop local implementation ordinances for additional transit-oriented development state laws.

- As one example, AB 2011 incentivizes affordable housing development on commercial properties. The City should include a program to develop a local implementation ordinance to incentivize the affordable housing on sites along the transit corridors that make up much of the City’s site inventory.