



Master Conditional Use Permit

115 San Jose Avenue

This Master Conditional Use Permit (MCUP) explicitly allows the uses listed below within the two structures located at 115 San Jose Avenue: the Capitola Mercantile (APN - 035-221-18) and the adjacent structure to the south (APN - 035-221-19). A tenant within may change one use to another use by acquiring a tenant use permit administratively from the City if the proposed use is established as an allowed use in the MCUP.

On May 7, 2020, the City of Capitola Planning Commission determined that the following uses, with applicable restrictions and conditions, are compatible with the master use and the surrounding properties (#19-0186).

On May 2, 2024, the City of Capitola Planning Commission approved amendments to the Master Conditional Use Permit (#24-0036).

On April 3, 2025, the City of Capitola Planning Commission approved amendments to the Master Conditional Use Permit (#25-0139).

Allowed Uses

1. Retail business establishments
2. Personal service establishment
 - Including but not limited to: Nail/Hair Salon, Massage, Health Spa
3. Beach rental equipment
4. Art galleries
5. Antique sales
6. All permitted uses within the zoning district
7. Take-out restaurants including, but not limited to: fruit and vegetable stand, meat and fish market, candy and ice cream, local home food products, coffee roaster, oyster bar and seafood, baked goods, and spices and herbs.
 - Maximum of six seats.
 - Maximum of 160 square feet of area open to customers for consumption.
8. Restaurant use with six or more seats
 - Limited to Suites 109 and 110. Suite 110 may expand kitchen area into Suite 111.
9. Business establishments/tasting rooms that sell or dispense beer and/or wine.
 - Maximum of six seats
 - Maximum of 160 square feet of area open to customers for consumption
 - Required to obtain a Letter of Necessity and Convenience from the Capitola Chief of Police.
 - All new businesses that sell or dispense beer and/or wine, including beer and/or wine manufacturer tasting rooms, would require a California Department of Alcoholic Beverage Control (ABC) license.
 - Not more than 50% of the combined leasable commercial floor area of the Mercantile

(3,894 square feet) may be utilized for this use type, not including ‘shared premises’ areas.

- Note: This use type does not include businesses that sell or dispense distilled spirits. These types of businesses would require an ABC license and a Conditional Use Permit with Planning Commission approval.

10. Commercial entertainment establishments, such as theaters and amusement centers

- Maximum suite size of 1,400 square feet

11. Residential and Vacation Rental

- Second story residential only
- Requires Vacation Rental license

List of Suites with Specifically Permitted Uses

Suite #	Sq. Ft.	Specifically Permitted Uses
101	324	
102	634	
103	189	
104	313	
105	974	
106	451	
107	314	Approved CUP for beer/wine.
108	768	
109	578	Restaurant with beer/wine.
110	877	Restaurant with beer/wine. May expand kitchen into Suite 111.
111	1,001	CUP expired.
APN - 035-221-19 Apartment	1,185	Residential/Vacation Rental Allowed
APN - 035-221-19 Commercial Suite	180	Left Coast Sausage Restaurant with beer and wine.

‘Shared Premises’ Areas for Alcohol

The Master Conditional Use Permit includes ‘shared premises’ areas for some businesses that sell beer and wine, which allows them to utilize the interior and exterior quasi-public seating areas as a ‘shared premises’ for consumption of beer and wine. The California Department of Alcoholic Beverage Control (ABC) established conditions for ABC permit applicants at this location (see below), as well as the extent of the ‘shared premises’ areas where consumption of alcohol will be allowed. These ‘shared premises’ areas include:

1. The quasi-public seating areas in the lobby in the center of the building (shared premises area “A”);
2. A proposed outdoor patio adjacent to the northwest entrance to the building (shared premises area “B”); and
3. A small proposed outdoor patio adjacent to the southwest entrance to the building (shared premises area “C”).

The ‘shared premises’ areas are identified on the approved site plan.

Businesses wishing to utilize the ‘shared premises’ shall apply for a Type 41 – On Sale Beer & Wine – Eating Place (or a beer or wine manufacturer) license with specific conditions related to the shared premises. The conditions include:

1. Alcoholic beverages shall be sold and served in containers that are distinctive in design or color and are easily distinguishable from containers used in the service of non-alcoholic beverages;
2. Petitioner(s) will only serve their alcohol beverages in containers which shall significantly differ in appearance from those containers utilized by any other licensees located in the Capitola Mercantile. Customers that purchase cans or bottles for onsite consumption shall be provided with distinctive containers;
3. A sign shall be posted in a conspicuous space at the entrance/exit point of said patio/terrace/other area, which shall state, “NO ALCOHOLIC BEVERAGES BEYOND THIS POINT”. Said sign shall measure no less than seven inches by eleven inches (7” x 11”) and contain lettering no less than one (1) inch height;
4. No alcoholic beverages shall be consumed on any property adjacent to the licensed premises under the control of the licensee(s) as depicted on the most recently certified ABC-257 and ABC-253;
5. Any violations of the law occurring on the licensed premises as depicted on the most recently certified ABC-257, constituting grounds for suspension or revocation of a license shall be deemed to be the act and responsibility of all licensees therein licensed within the premises;
6. Petitioner(s) shall actively monitor the area under their control in an effort to prevent the loitering of persons on any property adjacent to the licensed premises as depicted on the most recently certified ABC-253;
7. Sales, service and consumption of alcoholic beverages shall be permitted in or on the patio area only between the hours of 8am to 10pm each day of the week;
8. ~~Entertainment~~ Ambient music provided shall not be audible beyond the area under the control of the licensee(s) as depicted on the most recently certified ABC-257; and

Once licensed, all licensees are responsible for the shared premises, including any violations of the law occurring on the licensed premises.

Conditions of Master Use Permit

1. Prior to the leasing of any space upon the subject property, the holder of the master use permit must inform all prospective tenants, or tenants renewing or extending leases, of the conditions of the master use permit and of the requirements of Capitola Municipal Code (CMC) §17.124.100.
2. Tenant use permits are approved administratively by the community development director. Prior to leasing a space, the prospective business owner must apply for a tenant use permit from the City of Capitola. Tenant use permits shall be approved by the community development director upon inspection of the property, and verification that it and its landscaping are in good repair, and that all other conditions of the master use permit are being met.
3. A tenant use permit may be revoked in the manner provided in CMC §17.156.110 if the tenant is the cause of violation of a condition of the master use permit.

4. No tenant use permits may be issued for any activity-use that will occupy over twelve thousand square feet of building area.
5. Not more than 50% of the combined leasable commercial floor area of the Capitola Mercantile (3,894 square feet) may be utilized for business establishments that sell or dispense alcoholic beverages, not including 'shared premises' areas.
6. The garbage area shall be maintained to prevent odors and provide screening from the street and screening from adjacent neighbors.
7. Outdoor lighting that is not required for safety/egress on the building shall be turned off within half an hour of the closing time of the business.
8. Food and beverage equipment and supplies (including kegs) shall be stored inside the building. Exterior storage is prohibited.
9. New food and beverage tenants shall obtain all required approvals and final inspections from the Santa Cruz County Department of Environmental Health, prior to opening.
10. An onsite restroom shall be available to customers at all times during business hours.
11. Patio B, as noted on the Shared Premises Plan, shall be limited to ~~four tables and 16 a~~ maximum of 26 seats chairs. The patio furniture shall have high-quality, durable materials that can withstand inclement weather. If signs of weathering (fading, rust, holes, etc.) are visible, the item(s) shall be replaced in-kind immediately. Overtime, if the applicant would like to modify the patio furniture, they must first receive written approval from the Community Development Director or Planning Commission.
12. ~~Amplified sounds associated with live performances is prohibited on the premises. The~~ applicant shall obtain and maintain an Entertainment Permit pursuant to Chapter 5.24 issued by the Police Department for all live entertainment at the property. Live entertainment is prohibited between the hours of 7pm – 11am.
13. Outdoor string lighting shall be consistent with the standards established for Prototype Street Dining Decks.