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## Request for Responsible Mall Redevelopment and Objective Design Standards

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To PLANNING COMMISSION <planningcommission@ci.capitola.ca.us>; City Clerk <cityclerk@ci.capitola.ca.us>

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### City of Capitola Planning Commission and City Council

#### Subject: Request for Responsible Mall Redevelopment and Objective Design Standards

Dear Planning Commissioners and Councilmembers,

As a resident deeply committed to the future of Capitola, I write to urge you to approach the Capitola Mall redevelopment and zoning amendments with the care, clarity, and courage this moment demands. We understand the need to comply with state housing law and provide more homes. We support that goal. But we must also protect our community from unchecked development that weakens our tax base, displaces vital community spaces, and deepens the affordability crisis we are trying to solve. Mindful of infrastructure limitations, evacuation plans, Level of Service for our roads, and impact on the community.

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#### **We are at risk of building the wrong kind of housing.**

The current draft envisions up to 1,777 units at the Mall—80% of which are market-rate rentals. That might pencil out for the developer, but it doesn't help the people who work in Capitola: our teachers, restaurant workers, retail clerks, or city staff. Market-rate apartments do not serve the families who are struggling now. If we allow this level of upzoning, we must demand a greater public return. This site is one of the last, best chances to deliver truly affordable homes in Capitola.

If the Mall is 100% rental housing, that will devastate Capitola. We lack basic services, our Hospitals are overwhelmed, no transit center planned, and childcare needs. If we don't set appropriate standards, then each project will add four times more market rate. We would have to build over 5000 units to meet the RHNA numbers of affordable housing.

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#### **The Mall site should prioritize people over profits.**

We urge you to require that any height or density bonus be tied to deeper affordability and stronger community benefits. For example:

- Require a greater percentage of deed-restricted low-income units in exchange for 75 ft or higher buildings.
- Require a portion of the site be dedicated to 100% affordable housing, developed by a nonprofit. (If the Mall can support 1777 units, it can support the entire RHNA numbers. Can we

be creative so we provide affordable units which are the biggest needs to the community)

- Make affordable housing a required part of each phase—not something promised at the end.

The state's Housing Element law allows us to incentivize housing. It does not require us to give away height, floor area, or long-term fiscal health. HCD advised Capitola to increase feasibility at the Mall by adjusting zoning—but not to do so at the city's expense. If we are granting significant new development rights, we must expect a meaningful public return.

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### **Objective Design Standards (ODS) must be community safeguards—not developer favors.**

We appreciate that the City is working to adopt Objective Design Standards. These should apply not only to the Mall but also to the other 72 commercial sites citywide where zoning now allows unlimited residential density. These standards must be strong, detailed, and enforceable. We recommend:

- A firm height cap of 65–75 ft for the Mall, with required step-backs above 45 ft.
- Mandatory ground-floor retail or commercial use on major street frontages (e.g. 41st Avenue).
- Required square footage for public-serving uses like the children's museum and a new or enhanced transit hub.
- A minimum % of site area reserved for open space and pedestrian access.
- FAR caps (e.g., 2.0 residential, +0.5 for commercial/hotel uses) and **clear parking standards** (we already have them—keep them).

HCD called for the Mall site to be “shopping/commercial center redevelopment,” not just dense housing. That mix of uses must be guaranteed through enforceable standards, not simply encouraged by guidelines.

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### **This project cannot bankrupt the city.**

Each new housing unit is projected to cost Capitola **\$785** per year in city services. The Mall has historically been a cornerstone of sales tax revenue. If we lose retail anchors like Target without clear replacements, or if housing replaces retail without added revenue sources like hotels, we risk fiscal insolvency.

HCD also advised the city to monitor **financial feasibility**—but we ask: has the city modeled whether a financially feasible project could also exist at **55 ft or 65 ft**, with a lower FAR and preserved retail space? Has there been a side-by-side fiscal and design feasibility review of various scale scenarios? If not, we are operating on the developer's pro forma alone. That's not fiscal planning—it's wishful thinking.

Please make the Fiscal Impact Analysis a binding part of the approval process, with required mitigation before any project is approved.

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### **Don't waste this opportunity to build what Capitola really needs.**

We have a certified Housing Element and enough zoned capacity citywide to meet our RHNA targets. We are not under a **Builder's Remedy threat**. HCD has not demanded that we guarantee 1,777 units

at the Mall—they've only asked us to show it's feasible. We can scale this project to what our community and infrastructure can support while remaining in compliance.

Let's use our leverage wisely. Let's zone for what actually helps our community: **deeply affordable housing, anchored retail, hotel and hospitality space**, and services that make Capitola livable. The Mall is not just a site. It is our opportunity to model how a small city can grow responsibly, with heart and with clarity.

If **feasibility** means rooftop pools, luxury finishes, and oversized units, then of course a project 'needs' more height and density to pencil out. But affordable housing can be built to simpler, lower-cost standards. Feasibility isn't objective if it's based on maximizing profit. The city should require transparent, third-party analysis—not accept the developer's assumptions at face value."

Please rise to this occasion.

Sincerely,

**Kevin Maguire**

Capitola Citizen