

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF CAPITOLA TO ADOPT AMENDMENTS TO MUNICIPAL CODE TITLE 17 (ZONING) FOR THE CAPITOLA MALL PROPERTY AND INCLUDING AMENDMENTS TO CHAPTER 17.24 (COMMERCIAL AND INDUSTRIAL ZONING DISTRICTS), CHAPTER 17.76 (PARKING AND LOADING), CHAPTER 17.82 (OBJECTIVE STANDARDS FOR MULTIFAMILY AND MIXED-USE DEVELOPMENT), AND CHAPTER 17.88 (INCENTIVES FOR COMMUNITY BENEFITS), 17.160 (GLOSSARY) AND INTRODUCING A NEW CHAPTER 17.57 (OBJECTIVE DESIGN STANDARDS FOR CAPITOLA MALL REDEVELOPMENT), AND FINDING THE PROJECT EXEMPT FROM CEQA

WHEREAS, on August 22, 2024, the City Council adopted the 2023-2031 Housing Element of the General Plan (“Housing Element”) and Addendum to the General Plan Final Environmental Impact Report;

Whereas, on August 30, 2025, the California Department of Housing and Community Development (“HCD”) certified the Housing Element;

WHEREAS, Housing Element Program 1.7 states that the City shall revise development standards in the Zoning Code to facilitate residential development on the Capitola Mall property;

WHEREAS, the Capitola Mall property includes the properties located between Clares Street, 41st Avenue, and Capitola Road;

WHEREAS, the Planning Commission held work sessions on October 2, October 30, and November 19, 2025 to consider Zoning Code amendments for the Capitola Mall in furtherance of Housing Element Program 1.7;

WHEREAS, on October 8, 2025, the City hosted a community meeting, to receive public input on design standards for residential development on the Capitola Mall property;

WHEREAS City staff utilized Planning Commission input and considered public feedback to prepare draft amendments to Municipal Code Title 17 (Zoning) to implement Housing Element Program 1.7;

WHEREAS, the proposed amendments include changes to Zoning Code Chapter 17.24 (Commercial and Industrial Zoning Districts), Chapter 17.76 (Parking and Loading), Chapter 17.82 (Objective Standards for Multifamily and Mixed-Use Residential Development), and Chapter 17.88 (Incentives for Community Benefits), 17.160 (Glossary) and introduce a new Chapter 17.57 (Objective Design Standards for Capitola Mall Redevelopment)

WHEREAS, the proposed amendments would increase allowed building height and floor area ratio (FAR) on the Capitola Mall property, establish objective design standards for Capitola Mall redevelopment, and modify development regulations to facilitate residential and mixed-use development on the Mall property consistent with the Housing Element;

WHEREAS, the amendments also apply the Objective Standards within Chapter 17.82 to the Mixed-Use Village zoning district and Industrial zoning district;

WHEREAS, notice of the Zoning Code Amendment availability was mailed November 13, 2025, and a public review draft made available on November 26, 2025, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, a second notice of the Zoning Code Amendment availability was mailed on January 8, 2026, and an updated public review draft made available on January 30, 2026, in compliance with California Coastal Act public participation requirements and applicable state law;

WHEREAS, the Capitola Mall Zoning Code Amendments are exempt from the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Section 21080.85 which exempts from CEQA rezonings to implement a certified Housing Element;

WHEREAS, further, the Capitola Mall Zoning Code Amendments were analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. There are no substantial changes proposed to the Housing Element, including Program 1.7, that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The Project merely implements Housing Element Program 1.7, which was studied and evaluated in the General Plan EIR Addendum. There are no substantial changes with respect to the circumstances under which implementation of the Housing Element will be undertaken which will require major revisions of the previous environmental document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Addendum was adopted;

For the proposed amendments that apply objective design standards in the MU-V and I zoning districts are also exempt from CEQA pursuant to CEQA Guidelines Sections 15060(c)(2) which applies to projects that will not result in a direct or reasonably foreseeable indirect physical change in the environment, CEQA Guidelines Section 15061(b)(3) which provides that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and Section 15305 for minor alternations in land use limitations. Applying objective design standards in the MU-V and I zoning districts do not result in any changes in allowed land use or density. They simply affect the design and form of uses and densities already permitted within the affected zones.

WHEREAS, at a duly noticed public hearing on February 5, 2026 the Planning Commission recommended the City Council adopt the Zoning Code Amendments;

WHEREAS, at a duly noticed public hearing on February 23, 2026 and March 16, 2026, the City Council reviewed the proposed Zoning Code Amendments at which time it considered all evidence presented, both written and oral.

BE IT ORDAINED by the City of Capitola as follows:

Section 1: The above findings are adopted and incorporated herein.

Section 2: Pursuant to Capitola Municipal Code Section 17.144.040 and 17.144.060 and based on substantial evidence in the record, the City Council hereby finds that:

- a) The proposed Zoning Code Amendments are consistent with the General Plan, including the Housing Element and Land Use Element and any applicable specific plan as provided by Government Code Section 65860. Concurrent with the Amendments, the Planning Commission and City Council will be considering a text amendment to the

General Plan Land Use Element to allow without special City Council authorization a maximum 2.0 FAR for residential and mixed-use development that complies with objective standards in the Zoning Code. Adoption of the Amendments will be subject to final City Council approval and adoption of the associated General Plan text amendment.

b) The proposed Amendments will not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

c) The proposed Amendments are internally consistent with other applicable provisions of the Zoning Code.

Section 3: The City Council has considered the Amendments' consistency with the certified Local Coastal Program (LCP) and finds the Zoning Code Amendments in conformity with and adequate to carry out the certified Land Use Plan as described in Exhibit C attached hereto and incorporated herein.

Section 4: Title 17 (Zoning) of the Capitola Municipal Code is amended as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

Section 5: Environmental Review.

The City Council finds that the Amendments are exempt from the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Section 21080.85 which exempts from CEQA rezonings to implement a certified Housing Element.

Further, the Project was analyzed and considered as part of the City's adoption of the Addendum to the General Plan EIR for the City's Housing Element, such that nothing further is required under CEQA. There are no substantial changes proposed to the Housing Element, including Program 1.7, that would require major revisions of the previous EIR or its Addendum due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. The Project merely implements Housing Element Program 1.7, which was studied and evaluated in the General Plan EIR Addendum. There are no substantial changes with respect to the circumstances under which implementation of the Housing Element will be undertaken which will require major revisions of the previous environmental document due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. There is no new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Addendum was adopted. development, and implementing projects would be subject to environmental review.

For the proposed amendments that apply objective design standards in the MU-V and I zoning districts are also exempt from CEQA pursuant to CEQA Guidelines Sections 15060(c)(2) which applies to projects that will not result in a direct or reasonably foreseeable indirect physical change in the environment, CEQA Guidelines Section 15061(b)(3) which provides that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment, and Section 15305 for minor alternations in land use limitations. Applying objective design standards in the MU-V and I zoning districts do not result in any changes in allowed land use or density. They simply affect the design and form of uses and densities already permitted within the affected zones.

Section 6: Effective Date.

This Ordinance shall be in full force and effect thirty (30) days from its passage and adoption except that it will not take effect within the coastal zone until certified by the California Coastal Commission. This Ordinance shall be transmitted to the California Coastal Commission and shall take effect in the coastal zone immediately upon certification by the California Coastal Commission or upon the concurrence of the Commission with a determination by the Executive Director that the Ordinance adopted by the City is legally adequate.

Section 7: Severability.

The City Council hereby declares every section, paragraph, sentence, cause, and phrase of this ordinance is severable. If any section, paragraph, sentence, clause, or phrase of this ordinance is for any reason found to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining sections, paragraphs, sentences, clauses, or phrases.

Section 8: Certification.

The City Clerk shall cause this ordinance to be posted and/or published in the manner required by law.

This Ordinance was introduced at the meeting of the City Council on the 16th day of March, 2026, and was adopted at a regular meeting of the City Council on the 26th day of March, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Margaux Morgan, Mayor

Attest: Julia Gautho, City Clerk