

Capitola Planning Commission

Agenda Report



Meeting: July 23, 2024

From: Community Development Department

Address: Citywide Zoning Code Update

Project Description: Application #24-0026 for future amendments to the Capitola Municipal Code Title 17: Zoning to introduce Housing Element implementation programs and clarify existing standards. The future Zoning Code amendments will impact the development standards and regulations for properties citywide. The Zoning Code is part of the City's Local Coastal Program (LCP) and amendments require certification by the California Coastal Commission prior to taking effect in the Coastal Zone.

Recommended Action: Provide feedback to staff on zoning discussion items and preliminary draft Zoning Code amendments.

Property Owner: Zoning Code amendments apply to properties citywide.

Representative: Ben Noble Consultant

Sean Sesanto, Associate Planner

Background: The City is updating the Zoning Code to implement programs in the recently adopted Housing Element and to address other identified issues. The Planning Commission previously met on February 1, February 16, May 2, and June 3, 2024, to provide input on important Zoning Code Update items. Attachment 1, which lists all proposed Zoning Code amendments, identifies Planning Commission direction received at these meetings.

Preliminary Draft Zoning Code Amendments: Attachment 2 contains preliminary draft Zoning Code amendments as listed in Attachment 1. This preliminary draft contains most, but not all amendments required by the Housing Element. Amendments identified as "not yet drafted" in Attachment 1 will be completed for Planning Commission review on August 8, 2024, and August 23, 2024.

Staff requests Planning Commission feedback on the preliminary draft Zoning Code amendments. Staff will incorporate Planning Commission feedback into the future public review draft Zoning Code amendments for Planning Commission review at public hearings scheduled to begin on August 8, 2024, and August 23, 2024.

At the July 23, 2024, special meeting, staff requests special consideration of the following preliminary draft amendments:

- **Design Review** (17.120): Adds public notice requirement for design permit applications reviewed by Planning Commission and adds City-contracted design professional involvement in Development and Design Review Committee meetings with applicants for more significant projects. Modifies some design review criteria for clarity and objectivity.
- **Lot Consolidation** (17.20.040.K; 17.24.030.J): Increases height and FAR for housing development projects that consolidate adjacent housing element opportunity sites.
- **Replacement Housing** (17.96.210): Requires replacement of affordable units on nonvacant Housing Element inventory sites.
- **Parking** (Table 17.76-2): Reduces parking requirements for multifamily dwellings, group housing, residential care facilities, transitional housing, senior housing, and single-family additions.
- **Special Needs Housing** (various sections in 17.96.030): Revises permit requirements and standards for emergency shelters, low barrier navigation centers, transitional housing, supportive housing, employee housing, and residential care facilities.

Staff also requests feedback on flatwork permit requirements and standards and expanding the area in which retail cannabis establishments can be located.

Flatwork: Currently, standalone flatwork within required setbacks does not trigger the requirement for a planning permit. Standards for required landscape areas within required setbacks are in Section 17.72.050.A (Residential Zoning Districts) and 17.72.050.B (Nonresidential Zoning Districts). All required front and street side setback areas, excluding areas required for access to the property (and public open space areas in non-residential districts), must be landscaped.

Location of Retail Cannabis Establishments: The zoning code currently allows retail cannabis establishments in the Regional Commercial (C-R) zoning district. A maximum of two retail establishments are allowed citywide. City staff has received input that limiting the two establishments to the C-R zone has been challenging due to existing prohibitions on retail cannabis in multitenant commercial leases. Staff is requesting feedback on expanding the allowable locations to include properties in the Community Commercial (C-C) zone which front 41st Avenue south of Capitola Road.

First Floor Office Space in Regional Commercial: During the 2021 comprehensive zoning code update, the city adopted new regulations related to office space prohibiting the land use on the ground floor in the C-R zone and requiring a conditional use permit for ground floor office space greater than 5,000 square feet in the C-C zone. Since adopting the new regulations, some commercial property owners have struggled to fill vacancies and have had to turn away interest from business owners with office uses. To remedy the issue, staff would suggest creating exceptions to ground floor office prohibition through a list of site and building characteristics. Example site and building characteristics could include: building does not have entry doors oriented to the street frontage or the building is not located on 41st Avenue or Clares Street. The buildings at 2045 40th Avenue, 2001 40th Avenue, and 4170 Gross Road are examples of sites that would qualify for the exception.

Next Steps: Since the original adoption of the 6th Cycle Housing Element in November of 2023, major changes related to the Capitola Mall including increased height and FAR incentives have been added to the draft. The adoption hearings for the updated draft will be on August 8, 2024, for the Planning Commission and on August 22, 2024, for the City Council. Staff will bring forth amendments to Chapter 17.88 (Incentives for Community Benefits) to allow increased height and FAR for a mall redevelopment project following the adoption hearings.

The table below shows completed meetings and upcoming milestones to complete the Zoning Code Amendments. On August 9, 2024, all Zoning Code amendments, excluding Mall site amendments, will be published for public review. The Planning Commission will hold public hearings on amendments beginning on August 15 with a focus on proposed changes to multifamily zone allowed density. Zoning Code amendments for the mall site will be considered by the Planning Commission on August 29, 2024. The Planning Commission will need to complete its recommendation on all proposed amendments by September 19, 2024. The City Council hearing to consider adopting the proposed amendments is scheduled for October 10, 2024. This schedule assures that the Housing Element will be in compliance for the programs identified for completion within 2024.

Milestone	Date
Planning Commission Study Session 1 (completed)	February 1, 2024
Planning Commission Study Session 2 (special meeting, completed)	February 15, 2024
Planning Commission Study Session 3 (completed)	May 2, 2024
Planning Commission Study Session 4 (completed)	June 6, 2024
Planning Commission Study Session 5 (special meeting)	July 23, 2004
Planning Commission Housing Element Recommendation (special)	August 8, 2024
1 st Round Draft Amendment Published for Public Review	August 9, 2024
Planning Commission Hearing – Begin review of 1 st Round	August 15, 2024

City Council Housing Element Adoption	August 22, 2024
2 nd Round Draft Amendments Published for Public Review Include Mall Amendments	August 23, 2024
Planning Commission Hearing (special meeting)	August 29, 2024
Planning Commission Hearing	September 5, 2024
Planning Commission Hearing (special meeting if necessary)	September 19, 2024
City Council Meeting (introduce amendments)	September 26, 2024
City Council First Reading	October 10, 2024
City Council Second Reading	October 24, 2024

CEQA: Analysis of potential environmental impacts from proposed Zoning Code amendments will be presented at the August 29, 2024, Planning Commission hearing.

Attachments:

1. Zoning Code Amendments Summary Table
2. Preliminary Draft Zoning Code Amendments

Report Prepared By: Ben Noble, Consultant

Reviewed By: Austin Westly, Deputy City Clerk

Approved By: Katie Herlihy, Community Development Director