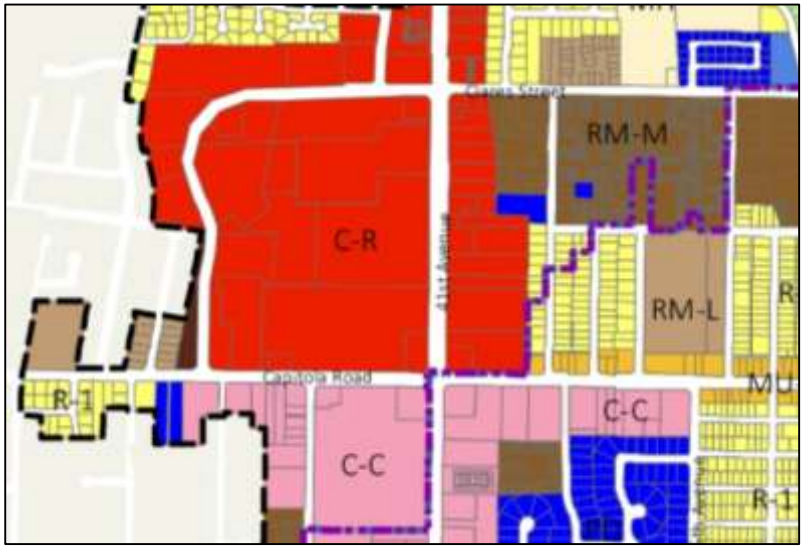
City Of Capitola

Zoning Code Amendments





City Council Hearing
September 10, 2026

Ben Noble Planning

Background

- Updated Housing Element adopted 2024
- Housing Element programs require Zoning Code Amendments
- One remaining amendment required
- Program 1.4 calls for changes to “incentivized zone” which allows increase FAR and height for projects that provide community benefits
- Other clean-up amendments (ADUs, tattoo establishments) needed at this time

Background

- Planning Commission study session June 4, 2026
    - Incentivized Zone, Body Art Studios (Tattoo Establishments), Accessory Dwelling Units
- Reviewed with State HCD
- Planning Commission Meeting August 20, 2026
  – Recommended Adoption

Incentivized Zone

General Plan: Increased height and FAR for projects that provide "substantial community benefit" in specified locations

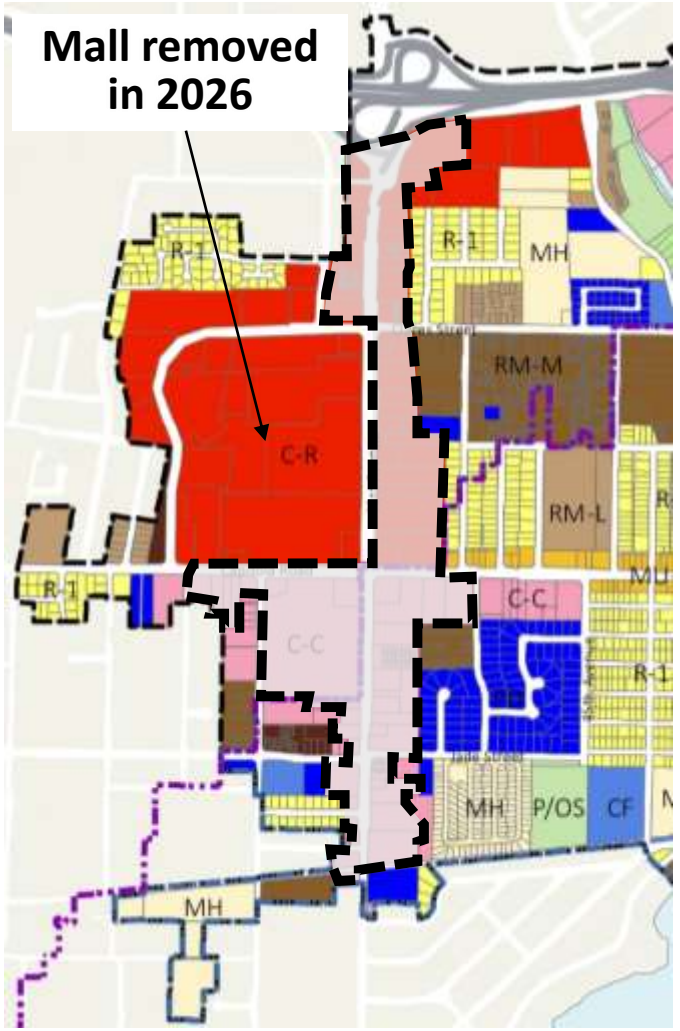
Zoning Code:

- Chapter 17.88: Incentives for Community Benefits
- Additional details on:
  - Allowable benefits
  - Application submittal and review
  - Findings

Existing Eligible Locations

- 41st Avenue
- Capitola Road between Clares Street and 42nd Avenue
- Former Capitola Theater site





Proposed Amendments

Chapter 17.88

- Properties along 41st and Capitola Road near mall
- Amendments to implement Housing Element

New Chapter 17.90

- Only for Village hotel
- No substantive changes

Community Benefit Categories

1. General Projects:

- Public Open Space
- Transit Center
- Public Parking
- Land For Public Facility
- New Commercial Space

2. Hotel Projects

3. Density Bonus Projects: State density bonus law project with Community Benefit

Removed:

- Child Care
- Bike/Pedestrian Connection

Incentive should be proportional to the benefit

City's ability to secure the promised benefit

2020 Childcare incentives

Available Incentives

Category	Incentive
General Project	2.0 FAR and 50 ft. height
Hotel Project	2.0 FAR and 60 ft. height Reduced parking Meeting space excluded from FAR
Density Bonus Project	One additional density bonus concession or incentive

Application Submittal and Review

Three step process:

- City Council conceptual review for projects dedicating land to City (public open space, transit center, public parking, and land for public facility).
- Planning Commission recommendation
- City Council final action

New Commercial Space

Minimum 10% of the project's total gross floor area, with minimum of 5,000 sf and maximum of 30,000 sf.

Project Gross Floor Area	10% Requirement	Required Commercial
30,000 sq. ft.	3,000 sq. ft.	5,000 sq. ft. minimum
50,000 sq. ft.	5,000 sq. ft.	5,000 sq. ft.
75,000 sq. ft.	7,500 sq. ft.	7,500 sq. ft.
100,000 sq. ft.	10,000 sq. ft.	10,000 sq. ft.
200,000 sq. ft.	20,000 sq. ft.	20,000 sq. ft.
300,000 sq. ft.	30,000 sq. ft.	30,000 sq. ft. maximum
500,000 sq. ft.	50,000 sq. ft.	30,000 sq. ft. maximum

Hotel Design

- Street presence
- Parking location
- Windows and doors
- Rooftop mechanical equipment
- Materials

Hotel Operational Standards

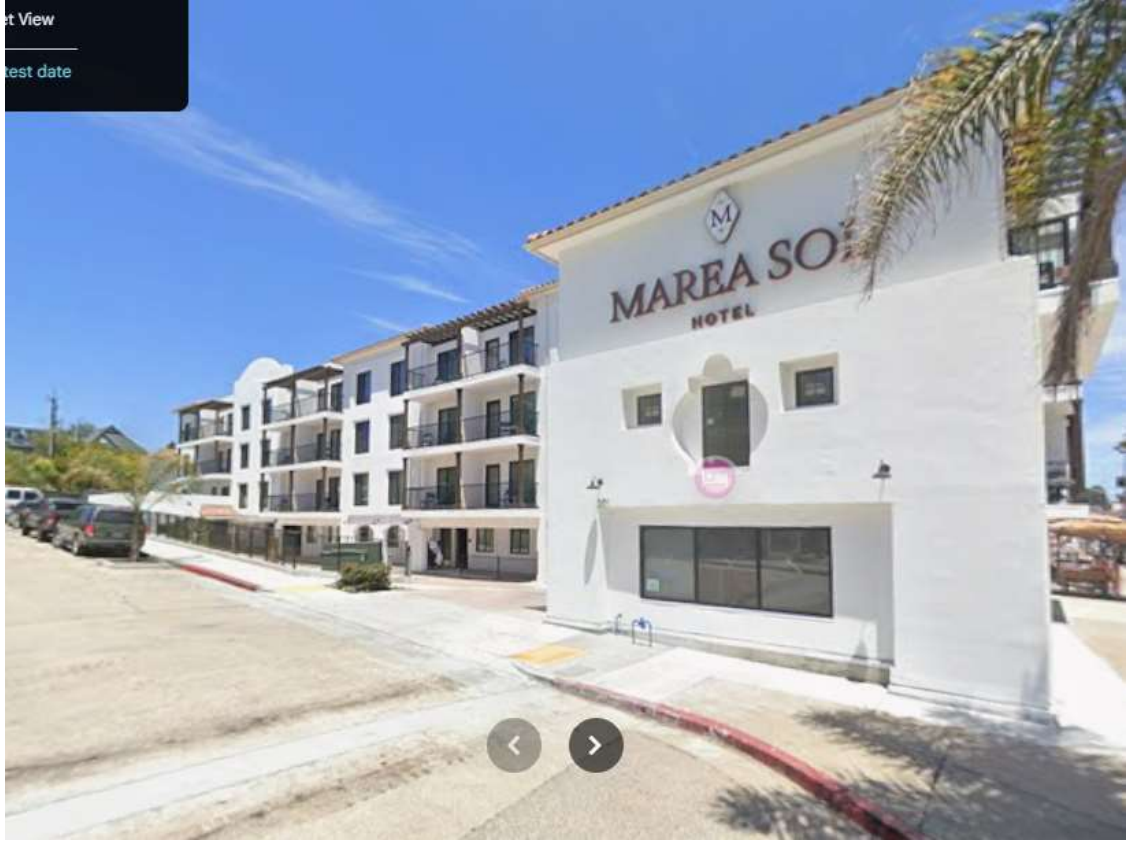
- Site operations
- Neighborhood compatibility
- Maintenance and safety
- Municipal tax compliance

Hotel Examples

Recently built or under construction

- Marea Sol Hotel, Santa Cruz
- Lido House, Newport Beach





Marea Sol Hotel, Santa Cruz

55 ft, 4 stories, 49 guest rooms and suites

Lido House, Newport Beach



59 ft roof ridge, 4 stories, 130 rooms and suites

Accessory Dwelling Units

New state ADU laws (2025):

- Revise process and timeframe for cities to review and act on ADUs and JADUs
- Modify owner occupancy requirements for JADUs,
- Clarify ADU provisions which also apply to JADUs

Body Art Studios

- Municipal Code Chapter 9.08 Prohibits tattoo establishments
- Zoning Code silent on this use
- Legal concerns: tattoo businesses considered protected First Amendments expression

New 17.96.080 (Body Art Studios)

- Limited: 2 in C-C & C-R and 1 in MU-V
- Conditional use permit required
- Initial 30-day application period: If applications exceeds maximum number, City will hold lottery
- After 30-day period: Applications accepted on first-submitted basis
- Repeals Chapter 9.08 (Tattoo Establishments)

New 17.96.080 (Body Art Studios)

Standards:

- Hours of Operation
- Minimum Separation
- Visibility of Procedures
- Indoor Procedures
- No alcohol
- Age limits
- Temporary/Mobile Facilities



Daycare 2020 Code Updates

Significant Updates

Rescinded: 17.96.070 – Large Home Day Care

~~A. Care Provider Owner Occupancy~~

~~B. License~~

~~C. 500 feet Separation~~

~~D. Yard Requirements~~

~~E. Screening - fence or wall shall on all property lines or around all outdoor activity areas.~~

~~F. Noise~~

~~G. Parking.~~

~~H. Garage – used for property owner's vehicles~~

~~I. Safety Compliance & Inspections (Building Division, Fire Marshal)~~

~~J. Pick-Up and Drop-Off Plan~~

Daycare 2020 Code Updates

Type of Day Care	Residential Zones R-1 Multifamily Mobile Home	Mixed Use Zones Mixed Use Village Mixed Use Neighborhood	Commercial Zones Community Commercial Regional Commercial
Home Day Care • In home • Up to 14 Children	Permitted ~~MUP~~	Permitted ~~MUP~~	Permitted ~~Not Allowed~~
Day Care Centers Nursery schools, childcare centers, infant day care centers, cooperative day care centers	CUP	MUP	MUP ~~CUP~~

Recommendation

Consider and adopt resolutions recommending the City Council adopt amendments to Capitola Municipal Code pertaining to repeal and replace Chapter 17.88 (Incentives for Community Benefits), relocate existing village hotel incentives to a new Chapter 17.90 (Incentives for a Village Hotel with Community Benefits); amend Chapter 17.74 (Accessory Dwelling Units), 17.20 (Mixed Use Zoning Districts), Chapter 17.24 (Commercial and Industrial Zoning Districts), and Chapter 17.160 (Glossary); and Repeal of Municipal Code Chapter 9.08 (Tattoo Establishments).