

Capitola Planning Commission

Agenda Report



Meeting: August 21, 2025

From: Community & Economic Development Department

Address: Citywide Zoning Code Amendments (CEQA Exempt)

Project Description: Amendments to Capitola Municipal Code Title 17: Zoning Code, the Zoning Map, and the General Plan Land Use Element affecting the Multifamily Residential (RM) zoning district and accessory dwelling unit (ADU) regulations. The Zoning Code and Zoning Map are part of the City's Local Coastal Program (LCP), and amendments require certification by the California Coastal Commission before taking effect in the Coastal Zone. The proposed amendments would apply to properties citywide.

Recommended Action: Consider and Adopt resolutions recommending the City Council adopt the proposed Zoning Code, Zoning Map, and General Plan Amendments.

Representative: Ben Noble Consultant
Sean Sesanto, Associate Planner

Background: On August 22, 2024, the City Council adopted amendments to the 2023-2031 Housing Element of the General Plan (Housing Element). The Housing Element establishes goals and policies for housing production in Capitola as required by state law. The Housing Element also contains programs with required City actions to implement Housing Element policies. Many Housing Element programs require amendments to the Capitola Zoning Code (Municipal Code Title 17) by the end of 2024 and 2025.

The Planning Commission discussed numerous zoning code amendments to implement the Housing Element at nine meetings in 2024. On September 19 and October 3, 2024, the Planning Commission recommended the City Council adopt these amendments. The City Council adopted the amendments on October 24, 2024. Topics addressed in these amendments included corner duplexes, lot consolidation incentives, parking standards, housing on religious sites, emergency shelters, office uses in commercial zones, the design review process, and other topics.

RM Zone Amendments: When the Planning Commission discussed the 2024 zoning code amendments, the Planning Commission considered amendments to the Residential Multifamily (RM) zone to implement Housing Element Program 1.6. This program calls for the City to assess the maximum densities allowed in the RM zone and determine if higher densities can help facilitate multi-family development in Capitola. Program 1.6 also states that the City will "review and revise as appropriate, requirements such as the minimum unit size, setbacks, parking requirements, and height restrictions to ensure they are necessary and pertinent and do not pose constraints on the development of housing."

The Planning Commission discussed RM zone standards on May 2, June 6, and August 15, 2024. At these meetings the Planning Commission considered a proposal to increase the allowed density and modify development standards on 38 RM sites. At the August 15, 2024, Planning Commission meeting, residents expressed concerns about the proposed RM amendments, particularly relating to parking, traffic, height, resident displacement, and other neighborhood impacts. The Planning Commission directed staff to remove the RM amendments from the proposed 2024 Zoning Code Amendments. The Planning Commission directed staff to further consider the proposed RM amendments based on the input received, conduct additional public outreach, and return to the Planning Commission for continued discussion in 2025.

February 24, 2025, Workshop: On February 24, 2025, the City hosted a community workshop to receive public input on the RM zone amendments. At the workshop staff presented seven RM areas which, based

on staff assessment, could realistically accommodate additional multifamily development. This assessment considered existing ownership patterns, financial feasibility, physical suitability, natural resource constraints, and other criteria. Staff requested public feedback on the suitability of the seven RM sites for further multifamily development, requested input on several recent multifamily projects in the area, and shared development standards to accommodate development at 30 dwelling unit per acre. In general, participants expressed concerns about areas surrounded by lower-density single-family homes, parking, and privacy impacts. Some participants also noted value in landscaped open areas, private outdoor spaces such as balconies, and the positive impact of some architectural features and styles. A summary of public comment received at the workshop and photographs of the open house posters with comments attached can be found in the workshop summary document:

- [Click here for link to workshop photographs.](#)
- [Click here for link to summary of public comments.](#)

March 3, 2025 Planning Commission Meeting: On March 3, 2025, the Planning Commission received an update on the RM zone amendments and provided input on a preferred approach to the amendments ([click here for link to agenda packet](#)). Public comments at this meeting were similar to feedback received at the February 24, 2025, workshop. The City also received letters from Santa Cruz YIMBY and YIMBY Law questioning whether the proposed RM amendments comply with state housing law and the City's certified Housing Element.

On March 3, 2025, the Planning Commission considered the allowed density on the seven areas presented during the February 24, 2025, workshop and supported increased allowed density as follows:

- Area 1 (600 Park Avenue): 30 du/ac
- Area 2 (Rosedale & Hill): 30 du/ac
- Area 3 (Capitola Ave & Hill): 30 du/ac
- Area 4 Clares & 46th): 40 du/ac
- Area 5 (Capitola Cove): 30 du/ac
- Area 6 (Capitola Gardens): 30 du/ac
- Area 7 (Landing at Capitola): 40 du/ac

Santa Cruz YIMBY and HCD Discussions

Following March 3, 2025, Planning Commission meeting, City staff discussed the proposed RM amendments with Santa Cruz YIMBY and YIMBY Law. City staff also requested HCD input on the proposed RM amendments and discussed the proposed amendments with HCD staff. Based on these discussions, HCD conveyed that the City's proposed approach to the RM amendments is generally consistent with state housing law and the certified Housing Element. HCD did, however, request an increase to the allowed building height to accommodate 40 du/ac, which staff has incorporated into the proposed amendments (see discussion below).

Accessory Dwelling Units: The 2024 zoning code amendments included changes to Chapter 17.74 (Accessory Dwelling Units) to comply with changes to state ADU law. After adoption, City staff submitted the amended ADU chapter to the California Department of Housing and Community Development (HCD) for review and comment as required by state law. On February 26, 2025, the City received an informal "flyover" letter from HCD recommending further changes to the ADU chapter (Attachment 4). City staff discussed this letter with HCD staff, and on June 4, 2025, submitted a letter to HCD describing the City's expected revisions to the ADU chapter to respond to HCD comments (Attachment 5).

The proposed amendments to Chapter 17.74 in Exhibit A to Attachment 1 are consistent with the amendments described in the City's June 4, 2025, letter to HCD. City staff believe these amendments are sufficient to address HCD's February 26, 2025, letter.

Discussion: Attachment 1 contains a draft Planning Commission resolution recommending the City Council adopt the proposed RM Zoning Code and Zoning Map amendments. Exhibit A to Attachment 1

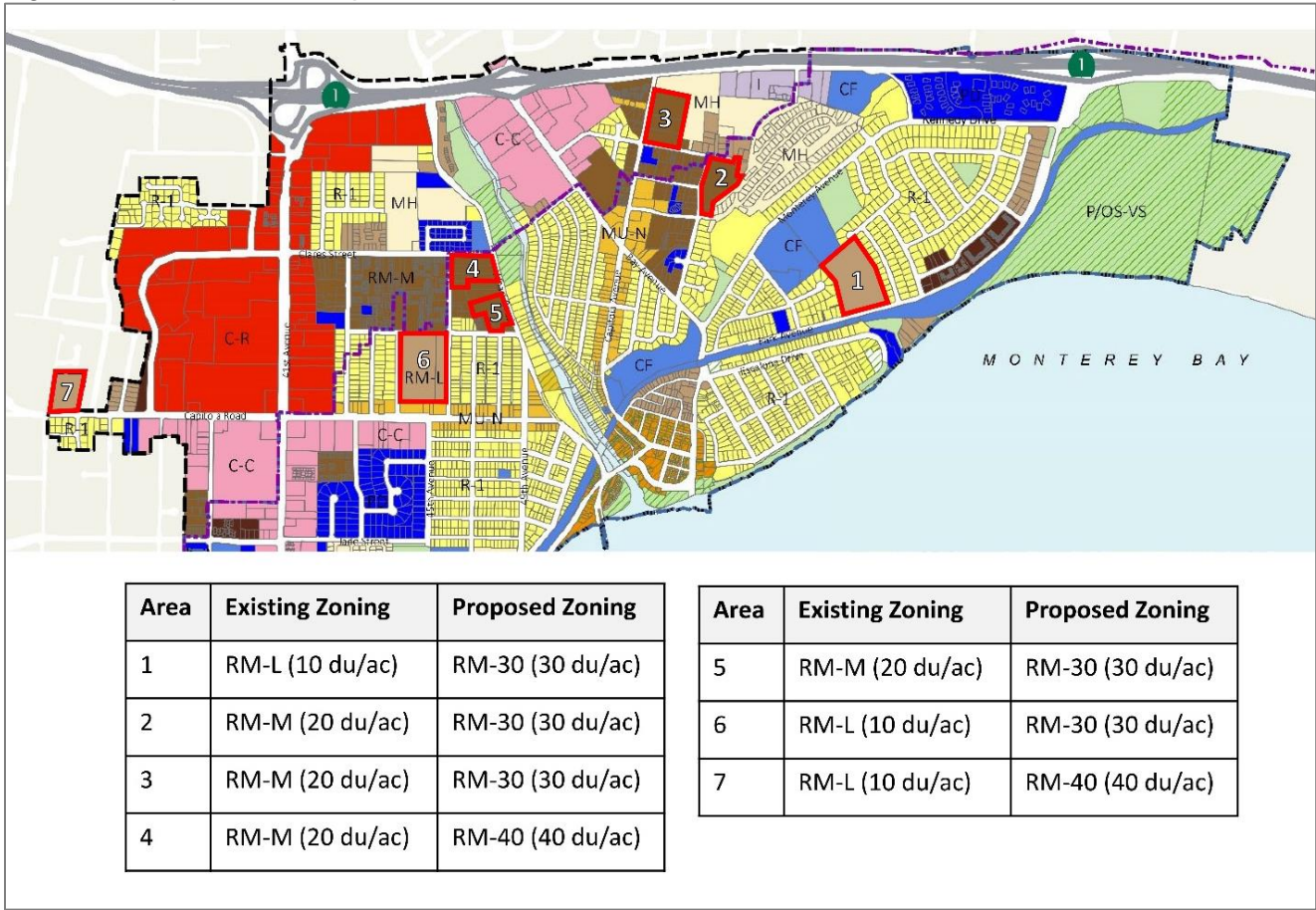
contains the Zoning Code amendments, Exhibit B contains the Zoning Map, and Exhibit C contains the Local Coastal Program Consistency Analysis.

Attachment 2 contains a draft Planning Commission resolution recommending the City Council adopt the corresponding/concurrent General Plan Land Use text amendment (Exhibit A to Attachment 2).

Attachment 3 contains a draft Planning Commission resolution recommending the City Council adopt the proposed ADU Ordinance amendments.

RM Amendments: As discussed above, Housing Element Program 1.6 calls for the City to review density and development standards in the RM zone and to revise the standards as appropriate to facilitate multifamily development in Capitola. Currently, the RM zone is divided into three subzones, with a maximum allowed density of 10 dwelling units per acre (du/ac) in RM-L, 15 du/ac in RM-M, and 20 du/ac in RM-H. To implement Housing Element Program 1.6, the proposed amendments create two new RM subzones: RM-30 (maximum 30 units per acre) and RM-40 (maximum 40 units per acre). As shown in Figure 1 below, the proposed Zoning Map amendments applies the new RM-30 subzone to five areas and the new RM-40 subzone to two areas in Capitola. This Zoning Map amendment is consistent with Planning Commission direction received on March 3, 2025.

Figure 1: Proposed RM Map Amendments



The proposed amendments establish development standards for the new RM subzones, as shown in Table 1 below. The RM-30 standards are the same as those reviewed by the Planning Commission on March 3, 2025, except for the increased rear setback when abutting an R-1 zone. Standards for the RM-40 subzone are the same as those proposed in 2024, except for height (increased from three to four stories) and front and street side setbacks (allowed Planning Commission reductions). RM-40 height was in response to HCD comments that four stories are needed to accommodate 40 units per acre. Allowed Planning Commission adjustments to front and street side setbacks was added to increase flexibility on sites where reduced setbacks could accommodate increased density and reduce impacts on adjacent properties. HCD staff has reviewed the proposed RM-30 and RM-40 development standards and has found them to be sufficient to accommodate the allowed densities.

Table 1: Proposed New RM-30 and RM-40 Standards

	RM-30	RM-40	Additional Standards
Site Requirements			
Building Coverage, Maximum	50%	60%	
Open Space	Section 17.16.030(B)(3)		
Units per Acre, Maximum	30 du/ac	40 du/ac	
Parking and Loading	See Chapter 17.76		
Structure Requirements			
Setbacks, Minimum			Sections 17.48.030
Front	15 ft. [1]	15 ft. [1]	
Rear	10 ft. [2]	10 ft. [2] [3]	
Interior Side	10% of parcel width [4]	10% of parcel width [3] [4]	
Street Side, Corner Lots	10 ft. [1]	10 ft. [1]	
Height, Maximum			Section 17.48.020
Stories	3	4 [3]	
Top Plate	30 ft.	40 ft.	
Additional for pitched roof [5]	6 ft.	6 ft.	
Accessory Structures and Detached Garages	See Chapter 17.52 [6]		

Notes:

[1] The planning commission may approve reduced front and street side setbacks if the reduced setbacks will accommodate development that complies with sidewalk and street tree standards in 17.82.040 (Circulation and Streetscape).

[2] 15 ft. if abutting a R-1 zone.

[3] Fourth story must be setback a minimum of 25 feet from a side or rear property line abutting a residential parcel.

[4] Regardless of parcel width, in no case shall the minimum required interior side ground-floor setback be less than three feet or greater than seven feet.

[5] Additional height permitted only for roof elements with a minimum 5:12 pitch. Exterior doors above the maximum top plate height, as well as decks above the maximum top plate height are prohibited.

[6] Chapter 17.52 does not apply to accessory dwelling units, including two-story accessory dwelling units above a detached garage, which are addressed in Chapter 17.74 (Accessory Dwelling Units).

The proposed RM amendments also include the following changes to the existing RM-L, RM-M, and RM-H subzones:

- Amends subzone names to RM-10, RM-15, and RM-20 to reflect allowed density consistent with the new RM-30 and RM-40 subzones.
- Allows additional 6 feet in height for pitched roofs while maintaining the exiting three story height limit. This change aims to encourage pitched roof forms, rather than flat roofs, similar to existing height standards in the Village.
- Increases maximum building cover in RM-20 (formerly RM-H) from 40 to 45 percent to accommodate densities of up to 20 units per acre.

- Changes minimum rear setback to 10 feet or 15 feet if abutting an R-1 zone. Currently, the minimum rear setback is 15 percent of lot depth, which can constrain development potential on lots with a depth greater than 100 feet.

The proposed RM amendments also require a text amendment to the General Plan Land Use Element to state that the maximum permitted residential density in the RM designation is between 10 and 40 dwelling units per acre depending upon the zoning classification (see Attachment 1, Exhibit A).

Accessory Dwelling Units: The majority of proposed amendments to the ADU chapter are minor in nature, clarify existing requirements, and do not result in substantive changes to existing ADU requirements. As described below, substantive changes to the ADU chapter relate to historic resources, homeowner associations, and the number of detached ADUs allowed on multifamily parcels.

Historic Resources: The existing ADU chapter contains architectural detail standards that apply to ADUs on a property designated by the City as a historic resource or potential historic resource. The HCD review letter notes that state law disallows cities from imposing historic preservation standards on locally listed properties that are not listed on the California Register of Historic Resource. To address this comment, City and HCD staff arrived at a solution whereby architectural detail standards apply to locally designated historic resources only when located in the coastal zone. HCD staff found this approach consistent with state ADU law given the City's requirement to comply with the California Coastal Act and the City's certified Local Coastal Program.

The existing ADU chapter also states that Chapter 17.84 (Historic Preservation) applies to an ADU that requires a design permit. Under Chapter 17.84, the City may require third-party review of potential impacts to a historic resource resulting from a proposed ADU. To address HCD comments, the proposed amendments limit applicability of Chapter 17.84 to ADUs that require a design permit in the coastal zone.

Homeowner Associations: The existing ADU chapter states that if a multifamily dwelling are located in a development with a homeowners' association (HOA), an application for an ADU must be signed by an authorized officer of the HOA and include a written statement from the HOA stating that the application is authorized by the HOA, if such authorization is required. The HCD letter notes that this requirement conflicts with state law that disallows an HOA from influencing a local agency's ministerial approval of an ADU. To address this comment, the proposed amendments remove the existing HOA provisions from the ADU chapter. Building permit application requirements for properties subject to an HOA will continue to apply.

Number of Detached ADUs on Multifamily Parcels: The existing ADU chapter allows up to two detached ADUs on a parcel with an existing or proposed multifamily dwelling. State law now requires cities to allow up to eight detached ADUs on a lot with an existing multifamily dwelling, not to not to exceed the number of existing units on the lot. The proposed amendments increase the number of allowed multifamily ADUs consistent with this new requirement.

Next Steps: If the Planning Commission recommends the City Council adopt the proposed amendments, the City Council will hold a public hearing to consider this recommendation at a meeting in October or November of 2025.

CEQA:

RM Amendments: The proposed Amendments to the RM zone 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. The General Plan text amendment merely ensures vertical consistency between the General Plan and the Zoning Code.

Further, the 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 1.6, 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 Amendments merely implement Housing Element Program 1.6, 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.

Lastly, the Amendments are categorically exempt from CEQA because it can be seen with certainty that there is no possibility adoption will have a significant effect on the environment. (CEQA Guidelines, 14 Cal. Code of Regs. Section 15061(b)(3).) The Amendments merely implement the Housing Element and propose no development, and implementing projects would be subject to environmental review.

ADU Amendments: The proposed ADU Amendments are exempt from CEQA pursuant to Public Resources Code section 21080.17 and CEQA Guidelines section 15282(h), which exempts adoption of ordinances implementing state law regarding accessory dwelling units. Further, the proposed Amendments are categorically exempt from CEQA because it can be seen with certainty that there is no possibility that the adoption of the proposed Amendments will have a significant effect on the environment. (CEQA Guidelines, 14 Cal. Code of Regs. Section 15061(b)(3))

Attachments:

1. Draft Resolution Recommending City Council Approval of Proposed RM Zoning Code Amendments and Zoning Map Amendment
 - Exhibit A: Zoning Code Amendments
 - Exhibit B: Zoning Map Amendment
 - Exhibit C: LCP Consistency Analysis
2. Draft Resolution Recommending City Council Approval of Proposed General Plan Text Amendment for the RM Designation
 - Exhibit A: General Plan Land Use Element Text Amendment
3. Draft Resolution Recommending City Council Approval of Proposed ADU Ordinance Amendment
 - Exhibit A: ADU Ordinance Amendments
4. HCD ADU Ordinance Review Letter, February 26, 2025
5. City Response to HCD Letter, June 4, 2025

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