

# Capitola City Council

## Agenda Report



**Meeting:** November 9, 2023  
**From:** Community Development Department  
**Subject:** Citywide Housing Element Adoption

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**Recommended Action:** Adopt a resolution to adopt the Addendum to the General Plan Update Environmental Impact Report and the 6<sup>th</sup> Cycle Housing Element, and direct staff to submit the Housing Element to the State of California for certification.

**Background:** In accordance with applicable State housing law, local jurisdictions are legally required to adopt plans and programs for housing that provide opportunities for, and do not unduly constrain, housing development. The Housing Element, which is one of seven State-mandated components of the City's General Plan, is a mechanism by which the State requires local jurisdictions to provide a variety of housing options and strive toward reaching regional housing needs. The Housing Element should also maintain civic and local responsibility toward economic, environmental, and fiscal factors and community goals stated within adopted General Plan documents.

Housing Elements are required to be updated every eight years. The City's current Housing Element was adopted by the Capitola City Council in 2015 and certified by the State of California in 2016 and will be in effect through December 2023. The City is required by law to update the Housing Element for the 2023-2031 planning period (also known as the sixth cycle) and have the updated Housing Element adopted and sent to the California Department of Housing and Community Development (HCD) for certification by December 15, 2023.

On May 12, 2022, the City Council authorized an agreement with RRM Design Group (RRM) for the preparation of the 2023-2031 Housing Element. Staff worked with RRM to assess existing and projected housing needs, reviewed the existing Housing Element, and began work on the updated Housing Element.

Pursuant to applicable State housing law, the City solicited public input from all segments of the community in the preparation of the Housing Element. Public comment was accepted at each of the meetings below:

- Stakeholder meetings (November 2022)
- Two community workshops (February 16, 2023, and May 16, 2023)
- Online housing survey (November 2022 – March 2023)
- Planning Commission meetings (February 2, May 4, June 1, October 5, October 19)
- City Council meetings (February 9, June 8, October 12)
- Joint Planning Commission and City Council work session (March 16, 2023)

On May 10, 2023, a draft of the Housing Element was published for public review. Following the thirty-day publishing period (during which the draft Housing Element was mentioned during a Planning Commission meeting and a City Council meeting), the initially published draft was updated to incorporate additional information as requested during the public review period.

On July 5, 2023, Capitola's Housing Element was submitted to the State of California Department of Housing and Community Development (HCD), initiating the required 90-day review process. Since submission to HCD, staff has received two rounds of preliminary comments from the State. In response to each round of comments, the Housing Element was updated, republished for public review, and resubmitted to HCD (August 29, 2023, and September 19, 2023).

On October 3, 2023, the City received official comments from the HCD (Attachment 3). The letter included requests for additional information and incorporating new strategies that go beyond SB9 and ADU laws to create additional housing mobility opportunities within single-family neighborhoods. In response to the request, the housing element consultant team is suggesting a program to allow duplexes on corner lots in single-family neighborhoods. This program has been accepted by HCD in other jurisdictions with certified Housing Elements.

On October 5, 2023, the Planning Commission received an update on the Housing Element and directed staff to incorporate HCD recommendations, as well as edits to state lands, the shopping center program, and the community benefits incentives program into the draft, and prepare the document for adoption hearings. The Planning Commission recommended adding a new program to work with the State during the 6<sup>th</sup> Cycle to initiate discussions and possible planning for housing opportunities on state lands, including the DMV site and New Brighton State Park. They also asked staff to modify the shopping center program and community benefits incentives program to ensure deliverables are based on the outcome of the current mall redevelopment land-use study.

On October 12, 2023, the City Council received an update on the Housing Element and directed staff to incorporate public comment, Planning Commission, and the California Department of Housing and Community Development recommendations into the Draft Housing Element, and to update and prepare the document for adoption.

On October 17, 2023, City staff met with HCD staff and received additional comments on the updated draft related to missing middle housing, sites capacity, public-owned sites, and environmental constraints.

On October 19, 2023, the Planning Commission had a special meeting and forwarded a unanimous positive recommendation to the City Council to adopt the draft housing element, with additional modifications to the timing of deliverables, missing middle housing, sites capacity, public-owned sites, and environmental constraints. The current draft for adoption incorporates all edits recommended by the Planning Commission and HCD staff.

Discussion: The purpose of this agenda item is to officially adopt the 6<sup>th</sup> Cycle Housing Element and the addendum to the General Plan EIR.

The latest draft, published on October 13, 2023, is available in hard copy at Capitola City Hall and the Capitola Library. The Housing Element is also available on the City's website Housing Element Update page at the following link: <https://www.cityofcapitola.org/communitydevelopment/page/2023-2031-housing-element-update>.

Revisions to HCD's first response can be found in blue font. Revisions to HCD's second response can be found in blue font with yellow highlight. The third revisions based on the Planning Commission and City Council direction are in blue font with blue highlight. The most recent revision based on Planning Commission recommendation for adoption are in blue font with green highlight.

As mentioned above, City staff received two rounds of comments and attended three meetings with HCD. The HCD comments varied from minor edits and requests for additional information, to requiring greater commitments to programs, adding new programs, and modifying the sites inventory. With regards to the sites inventory, the City received comments from HCD and the public related to overreliance on the mall site, distribution of sites City-wide, and no net loss.

During the October Planning Commission and City Council updates, staff received direction to incorporate the following into the final draft for adoption:

1. Add Mobility Strategies. Revisit density on low and medium multifamily zones. Allow duplexes on corner lots in single-family zone with objective standards;
2. Amend Community Benefits Overlay and incorporate objective standards;
3. Provide additional information on Capitola Mall, religious sites, small lot consolidation, and constraints;

4. Revise the programs on Community Benefits and Shopping Centers to align with the outcome of the mall study;
5. Add a program to initiate discussion related to housing and state lands;
6. Incorporate feedback provided within public comments; and
7. Update the timing of commitments to ensure on-time completion.
8. Include additional information on missing middle housing, sites capacity, public-owned sites, and environmental constraints

The following identifies the next steps for the Housing Element update.

<u>Next Steps</u>	<u>Date</u>
City Council Adoption	November 9, 2023
Submit Housing Element to HCD for Certification	November 10, 2023
HCD Certification	60 days review

CEQA: An addendum to the General Plan Update Environmental Impact Report for the 2023-2031 Housing Element is included as Attachment 4. The General Plan Update EIR is available at <https://www.cityofcapitola.org/communitydevelopment/page/capitola-general-plan>.

Fiscal Impact: The General Plan update includes numerous commitments to affordable housing projects. Staff intends to apply for grants to fund future project commitments.

Attachments:

1. Resolution
2. HCD Response Letter
3. Addendum to General Plan EIR
4. Draft Housing Element available at the following link:  
<https://www.cityofcapitola.org/communitydevelopment/page/2023-2031-housing-element-update>.

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