



CAPITOLA MALL UPDATE & BEN NOBLE PLANNING CONTRACT AMENDMENT





CAPITOLA MALL UPDATE & BEN NOBLE PLANNING CONTRACT AMENDMENT

Continued from August 28

Recommended Actions

1. Provide direction on Zoning Code update approach
2. Adopt resolution amending FY 2025–26 Budget for Housing Element implementation
3. Authorize City Manager to execute Amendment I with Ben Noble Planning



CAPITOLA MALL UPDATE

Background

Long Range Planning

- 2011 - 2024 Mall Re-Visioning Plan / General Plan / Housing Element

Implementation

- 2010 – 2024 Zoning Code Updates

Applications

- 2019 – Merlone Geier Partners (MGP) Redevelopment Application



CAPITOLA MALL UPDATE

Housing Element Program Deliverables

1. Establish Capitola Mall as all properties between Clares St, 41st Ave, and Capitola Rd.
2. Develop land use policies to facilitate shopping center redevelopment with a strong sense of urban design
3. Define “Mall Redevelopment” to mean a mix of uses including residential and retail/commercial components
4. Building height up to 75 feet for Mall Redevelopment
5. Exclude parking garages from FAR calculations
6. Adopt objective development standards to facilitate mall redevelopment



CAPITOLA MALL UPDATE

August 28 City Council meeting

- Formed Ad-Hoc Committee to meet with MGP to discuss MGP participation in process
- Continued this item two weeks

Sept 3 Ad-Hoc Committee met with MGP

- MGP to attend this meeting and provide update



CAPITOLA MALL UPDATE

Options for zoning update to implement deliverables

Option 1 – Objective Standards

Option 1.5 – Hybrid of 1 & 2 (new)

Option 2 – Expedited Objective Standards (MGP Request)

Option 3 – Form-Based Code



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Option I – Objective Standards

- Amend Zoning Code and General Plan with objective standards
- Increase building height (75 ft) and FAR (2.0)
- Objective standards to address design and economic analysis
- Includes 3 rounds of stakeholder meetings + 1 community workshop, PC/CC study sessions
- Completion: April 2026
- Estimated cost: \$76,000



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Option 1.5 – Hybrid of 1 & 2

- Amend Zoning Code and General Plan with objective standards
- Increase building height (75 ft) and FAR (2.0)
- Objective standards to address design and economic analysis
- Includes: 2 stakeholder meetings, 1 community meeting,
PC work session and PC/CC adoption hearings
- Completion: Jan. 2026
- Estimated cost: \$68,000



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Option 2 – Expedited Objective Standards

- Amend Zoning Code and General Plan with objective standards
- Increase building height (75 ft) and FAR (2.0)
- Objective standards to address design and economic analysis
- Includes 1 stakeholder meeting and PC/Council adoption hearings
- Completion: Jan. 2026
- Estimated cost: \$46,000



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Option 3 – Form Based Code

- Replace existing zoning with form-based code for Mall block
- Focus on building form + frontages and their relationship to streets, sidewalks and public spaces
- Includes design charrette + cohesive design standards + regulating map
- Standards to address design and economic analysis
- Completion: ~8 months (mid-2026)
- Estimated cost: \$162,000



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Option	Engagement Highlights	Timeline	Cost
1. Objective Standards	Stakeholders + Community Workshop	Apr 2026	\$76,000
1.5 Hybrid	Stakeholders + Community Workshop	Jan 2026	\$68,000
2. Expedited Objective Standards	1 Stakeholder meeting	Jan 2026	\$46,000
3. Form-Based Code	Charette/ Community Workshops	~8 months (mid-2026)	\$162,000



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Fiscal Impact

- Current contract balance: \$46,611
- Funds needed: \$46,000 – \$162,000 (depending on option)
- Funds available in General Plan Maintenance Fund
- Recommendation: Reserve contract balance for ongoing code updates; Amend contract to cover full cost of chosen option



CAPITOLA MALL UPDATE

Council Direction

- Select preferred zoning update approach
- Amend FY 2025–26 Budget to allocate funding
- Authorize contract amendment with Ben Noble Planning
- Continue coordination with MGP and stakeholders



DRAFT MOTION

Authorize contract amendment with Ben Noble Planning to implement option ____,

and

Adopt resolution to amend FY 2025–26 Budget to allocate

1: \$76,000 1.5: \$68,000 2: \$46,000 3: \$162,000

from General Plan Maintenance Fund.



CAPITOLA MALL UPDATE

Economic analysis

2019 study by Kosmont

637 units

600,000 sf commercial

Annual Cost / New Resident \$785

Estimated New Residents: 1,115 – 1,275

Annual Revenue:	\$925,000 to \$1,200,000
Annual Expenditures:	\$875,000 to \$1,000,000
Net Fiscal Surplus (Deficit)	\$50,000 to (\$75,000)



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Economic analysis

- TOT is 12% of gross hotel revenue, all goes to City
- Sales tax is 9.25%, of which City receives 1.5%
- Property tax is 1% of assessed value, of which the City receives about 7.5% of the total



CAPITOLA MALL UPDATE

Capitola's RHNA Allocation

Low	Mod	Market Rate	Total
497	169	455	1336

Capitola's RHNA Allocation

- Low-income units (50 – 80% of Area Median Income)
- Moderate-income units (80 – 120% of AMI)
- Market Rate units (Over 120% AMI)



CAPITOLA MALL UPDATE

Sites Inventory

Location	Housing Units
Entire Block	1,777
MGP Properties	1,125

How did we get here?



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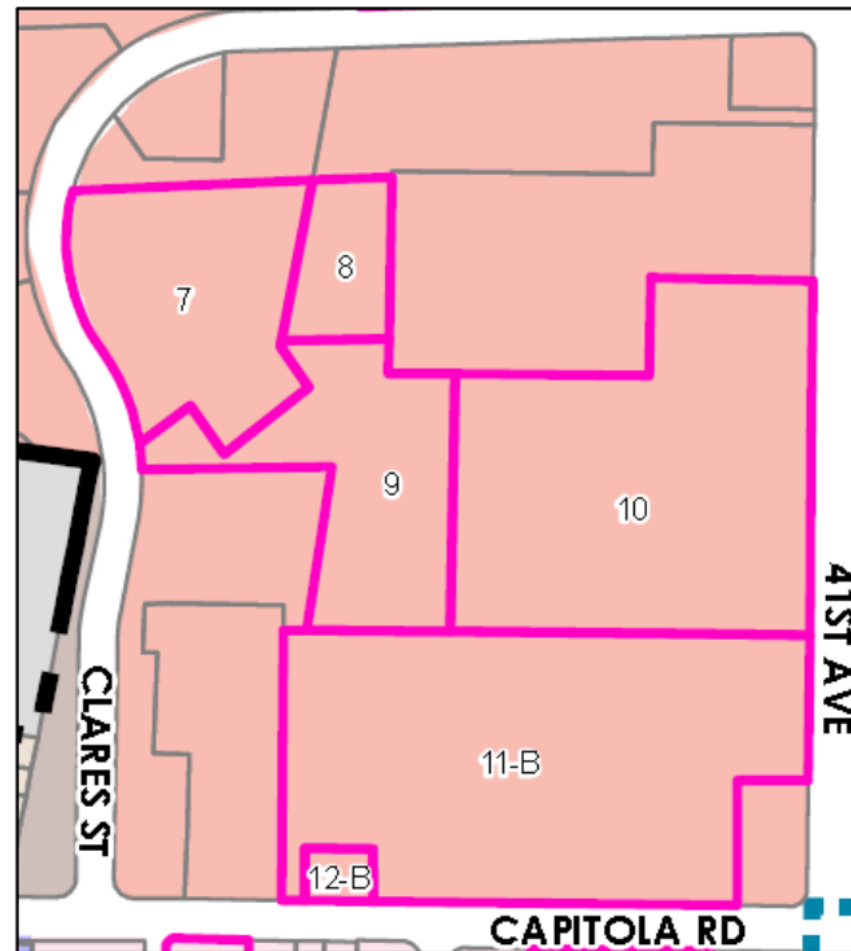
First Draft of Housing Element

Mall Block

6 sites total

5 of 6 Merlone Geier Partners)

Low	Mod	Market Rate	Total
368	109	257	734





CAPITOLA MALL UPDATE

First Draft of Housing Element

Mall Block

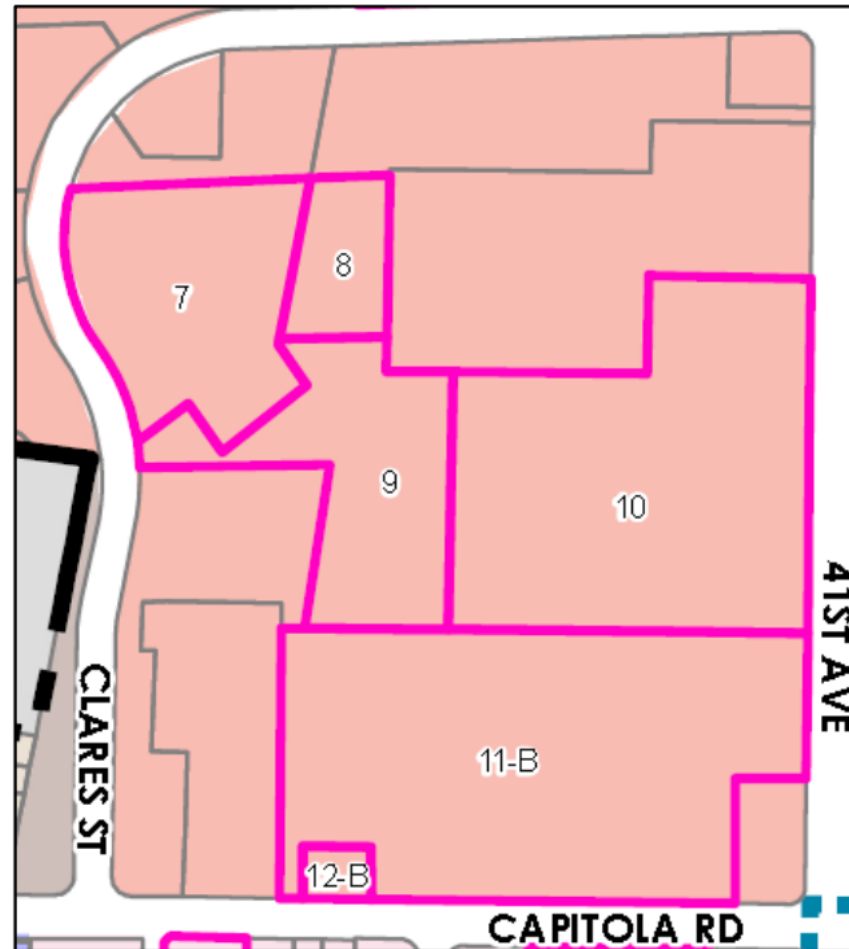
6 sites total

5 of 6 Merlone Geier Partners)

Low	Mod	Market Rate	Total
368	109	257	734

65%

35%





CAPITOLA MALL UPDATE

Certified Housing Element

Mall Block

10 out of 12 sites included
5 of 10 (Merlone Geier Partners)

Low	Mod	Market Rate	Total
266	90	1,422	1,777

20%

80%

