

# Capitola City Council

## Agenda Report



**Meeting:** September 11, 2025

**From:** Community and Economic Development

**Subject:** Multifamily and Accessory Dwelling Unit Zoning Code Amendments

---

**Recommended Action:** 1) Adopt a resolution amending the General Plan Land Use Element; 2) Introduce for first reading, by title only, waiving further reading, an ordinance amending Capitola Municipal Code Title 17: Zoning for the Residential Multifamily Zone and the Zoning Map; 3) Introduce for first reading, by title only, waiving further reading, an ordinance amending Capitola Municipal Code Title 17, Chapter 17.74: Accessory Dwelling Units; and 4) Adopt a resolution authorizing submittal of the Zoning Code amendments to the California Coastal Commission for the certification of an amendment to the Local Coastal Program.

**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 and timelines to implement Housing Element policies.

In 2024, the City Council adopted an initial set of Zoning Code Amendments to implement the Housing Element. 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.

As part of Housing Element Program 1.6, the City has committed to assessing the maximum densities allowed in the RM zones to determine if higher densities can help facilitate multi-family development in Capitola. In 2024, the Planning Commission discussed the RM Zone Amendments at three meetings and postponed action until 2025, pending additional public outreach. The City held a community workshop on the RM Zone Amendments on February 24, 2025, and a Planning Commission study session on March 3, 2025.

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. 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.

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

On August 21, 2025, the Planning Commission held a public hearing to consider the proposed RM Zone and ADU Amendments, and at this hearing, recommended that the Council adopt these Amendments (Attachment 6 includes a link to the agenda materials for this meeting). In their recommendation to the City Council, the Planning Commission included one amendment to include a maximum 10-foot side yard setbacks for the two new RM subzones.

**Discussion:** Attachment 2 contains a draft ordinance to adopt the proposed RM Zone Amendments. In furtherance of Program 1.6, the proposed amendments create two new RM subzones to allow for greater residential density: RM-30 (maximum 30 units per acre) and RM-40 (maximum 40 units per acre). The

proposed Zoning Map amendments apply the new RM-30 subzone to five areas and the new RM-40 subzone to two areas in Capitola (Attachment 2 Exhibit A), including:

- 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

The above were identified as locations that could realistically accommodate additional multifamily development consistent with and in furtherance of Housing Element Program 1.6. The proposed amendments establish development standards for the new RM subzones, as shown in Attachment 2 Exhibit A. The maximum height in the RM-40 subzone is proposed to be four stories based on HCD input, in order to be able to accommodate 40 units per acre. The proposed amendments also include minor modifications to development standards in the RM-10, RM-15, and RM-20 subzones to accommodate allowed densities.

The proposed RM amendments 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).

Attachment 3 contains a draft ordinance to adopt the proposed ADU Amendments. The majority of the proposed ADU Amendments are minor in nature, clarify existing requirements, and do not result in substantive changes to existing ADU requirements. To address HCD comments, substantive changes to existing ADU regulations include the following:

- Applies architectural detail standards to historic resources only when located in the coastal zone
- Removes requirement for HOA approval
- Increases the maximum number of detached ADUs on a multifamily parcel to eight, consistent with state law.

The Zoning Code is part of Capitola's Local Coastal Program (LCP), and as such, Zoning Code Amendments must be certified by the Coastal Commission before they become effective in the Coastal Zone. When adopting LCP amendments, the Coastal Commission requires cities to consider consistency with the LCP Land Use Plan and potential impacts on public access to the coast. This required analysis is provided in Attachment 4. Attachment 5 contains a resolution authorizing City staff to submit the Zoning Code Amendments to the Coastal Commission for certification.

Environmental Determination: 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 rezonings to implement a certified Housing Element from CEQA. The General Plan text amendment merely ensures vertical consistency between the General Plan and the Zoning Code. The RM Zone Amendments were also 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. In addition, the RM Zone Amendments are categorically exempt from CEQA because it can be seen with certainty that there is no possibility that adoption will have a significant effect on the environment. (CEQA Guidelines, 14 Cal. Code of Regs. Section 15061(b)(3).)

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)).

Fiscal Impact: No fiscal impacts.

Attachments:

1. Draft Resolution Amending General Plan Land Use Element
  - Exhibit A: Proposed General Plan Amendments
2. Draft RM Zone Ordinance
  - Exhibit A: Proposed Zoning Code Amendments
  - Exhibit B: Proposed Zoning Map Amendment
3. Draft ADU Ordinance
  - Exhibit A: Proposed Zoning Code Amendments
4. LCP Consistency Analysis
5. LCP Amendment Application Resolution
6. <https://meetings.municode.com/adaHtmlDocument/index?cc=CAPITOLACA&me=f3a52f41430f4178a54e4907001f8204&ip=True>

Report Prepared By: Ben Noble, Consultant; and Katie Herlihy, Community and Economic Development Director

Reviewed By: Julia Gautho, City Clerk; Samantha Zutler, City Attorney; and Leila Moshref-Danesh, Assistant City Attorney

Approved By: Jamie Goldstein, City Manager

*Attachment 2 edited on September 9<sup>th</sup> to correct the year of HCD approval.*