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W15b

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To: Commissioners and Interested Persons

From: Kevin Kahn, Central Coast District Manager
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Subject: City of Santa Cruz LCP Amendment Number LCP-3-STC-25-0023-1-Part A (Downtown Plan Expansion)

SUMMARY OF STAFF RECOMMENDATION

The City of Santa Cruz proposes to amend portions of its Local Coastal Program (LCP) Land Use Plan (LUP) and LCP Implementation Plan (IP) to change two LCP plans that affect two adjacent areas: the Beach/South of Laurel (BSOL) area plan, which resides in the LUP, and the Downtown Plan, which is part of the IP. The primary purpose of the proposed amendment is to adjust the Downtown Plan's geographical boundaries to incorporate a portion of the area south of Laurel Street (currently governed by the BSOL area plan) into the Downtown Plan, thereby creating a new subdistrict, the SOLA (or South of Laurel) district, and modify the accompanying regulations governing this area. The new SOLA district consists of approximately 29 acres just south of the downtown core and is generally bound by Laurel Street, the San Lorenzo River, Front Street, and Center Street. Overall, the proposed amendment seeks to facilitate new infill residential and commercial development in the new SOLA subdistrict, and to improve connections between the downtown core and popular visitor-serving destinations to its south (such as the Municipal Wharf, Main Beach, and the Santa Cruz Beach Boardwalk), including by enhancing bike and pedestrian circulation and adding housing, businesses, public spaces, and commercial development to enhance and to further activate the SOLA area.

In general, the proposed LCP amendment seeks to facilitate new infill residential and commercial development with an emphasis on higher density and affordable housing, as well as a new Santa Cruz Warriors stadium/event center, while simultaneously trying to meet other City and LCP objectives related to reduced greenhouse gas emissions and vehicle miles traveled, enhanced multi-modal circulation, and better visual and physical connectivity with the adjacent pathway along the San Lorenzo River that leads to the ocean waterfront. The amendment includes specific development guidelines for new development in the SOLA district, including standards related to activated ground floor uses, raising maximum building heights, enhanced building design (in particular, to ensure that development is responsive to the pedestrian environment), and clear connections to the San Lorenzo River and other public spaces. The proposed

amendment also includes the City's newly created "Downtown Density Bonus" (DDB), which serves as a voluntary alternative to State Density Bonus Law (DBL), where the DDB would satisfy the City's goals of maintaining building heights at or below 12 stories/85 feet while simultaneously achieving a higher net percentage of affordable housing units compared to State DBL (i.e., at least 20% net affordable units and with a greater mix of affordability levels including very low-, low-, and moderate-income housing units) while still respecting other LCP coastal resource protection requirements (related to public access and recreation, water quality, ESHA, etc.). The City estimates that the proposed amendment would facilitate approximately 1,600 new housing units (with at least 20% of those units (i.e., 320) restricted as affordable housing), along with a new regional event space/arena, and new public amenities (including a new pedestrian only street adjacent to the arena at Spruce Street, an upgraded Riverwalk with improved lighting, surfaces, and landscaping, and expanded public space adjacent to the Riverwalk), including by converting existing road right-of-way (i.e., Laurel Street Extension) into additional activated pedestrian park/gathering space.

The proposed amendment thus intends to significantly increase housing capacity and provide a greater percentage of housing units that are restricted to below market rate, all while creating new public parklets and pedestrian-only streets, and enhancing bicycle and pedestrian connectivity. This amendment can be understood as a comprehensive housing and transportation vision that will provide for coordinated redevelopment of private and public property to collectively activate and enliven this central part of town. The fact that such development is located in an existing developed area with available public services represents the type of thoughtful coastal land use planning envisioned by the Coastal Act and LCP.

Overall, while the proposed amendment will undoubtedly change the area south of Laurel and increase the mass and scale of allowable development there, and will constitute a change to the current nature of the area, it is not inconsistent with the recent changes north of Laurel Street in the downtown area. In fact, it is more accurate to say that the effect of the proposed LCP amendment would simply be an extension of the type of development that has already occurred – and will continue to occur – in the downtown area north of Laurel into the area south of Laurel. This extension completes what visually is a natural extension of this downtown area towards Beach Hill, where Beach Hill itself essentially acts as a natural barrier between downtown and the beach and shoreline area seaward of it. To put it another way, and in response to critics of the scale and massing allowed by the proposal, the character of downtown Santa Cruz has already changed, and it is within this context that the proposal is measured. In this case, the proposed amendments include mechanisms to ensure that the development envisioned is sited and designed to provide visual interest and connectivity both internally and externally, especially as it relates to the San Lorenzo River and the Riverwalk area, includes appropriate measures to ensure overall visual compatibility, and further represents a natural extension of what the Commission has already approved for the downtown under the LCP.

In short, the proposed Downtown Plan Expansion concentrates needed development in its downtown core where coastal resource concerns are generally more limited and in a way that brings added public benefits to the area. The proposed DDB represents an

exciting opportunity to accommodate a range of housing, and particularly a range of housing below market rates, in a way that facilitates these projects differently than State DBL. While untested, the City has spent a great deal of time, energy, and resources studying the question, including reaching out and coordinating with the development community (including lessons learned in relation to the large number of already entitled projects in the downtown area, many of which were entitled via State DBL). This extensive outreach and collaboration culminated in the proposed DDB with specific thresholds to incentivize City objectives for the SOLA. The DDB thus represents another land use planning tool for the City that, if successful, could be more broadly applied in the coastal zone and elsewhere statewide. The proposed LCP amendment, including the DDB component, demonstrates that the City of Santa Cruz is taking its infill development obligations seriously including pioneering creative mechanisms to achieve local, regional, and state goals related to housing at a range of affordability, reduced greenhouse gas emissions and vehicle miles traveled, enhanced multi-modal transportation, improved public and coastal access and connectivity between its prime visitor-serving coastal areas and its downtown, and enhanced visitor-serving and economic vitality, and the City should be commended for those efforts.

Thus, the proposed LUP changes can be found consistent with the Coastal Act, the proposed IP changes can be found consistent with and adequate to carry out the LUP, and staff recommends that the Commission certify all of the changes as submitted by the City. The motions and resolutions – and there are two each to act on staff’s recommendation – are found on **page 5** below.

Staff Note: LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on June 16, 2025. The proposed amendment affects the LCP’s LUP and IP, and the 90-working-day action deadline is October 22, 2025. Thus, unless the Commission extends the action deadline (it may be extended by up to one year), the Commission has until October 22, 2025 to take a final action on this LCP amendment.

Therefore, if the Commission fails to take a final action in this case (e.g., if the Commission instead chooses to postpone/continue LCP amendment consideration), then staff recommends that, as part of such non-final action, the Commission extend the deadline for final Commission action on the proposed amendment by one year. To do so, staff recommends a YES vote on the motion below. Passage of the motion will result in a new deadline for final Commission action on the proposed LCP amendment. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Alternate Motion to Extend Deadline: I move that the Commission extend the time limit to act on City of Santa Cruz Local Coastal Program Amendment Number LCP-3-STC-25-0023-1-Part A to October 22, 2026, and I recommend a yes vote.

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EXHIBITS

- Exhibit 1: Proposed LUP Text Amendments
- Exhibit 2: Proposed IP Text Amendments
- Exhibit 3: Proposed LUP/IP Map Amendments

EX PARTE

1. MOTION AND RESOLUTION

Staff recommends that the Commission, after public hearing, **certify the proposed LCP amendment as submitted**. The Commission needs to make two motions in order to act on this recommendation.

A. Certify the LUP Amendment as submitted

Staff recommends a **YES** vote on the motion below. Passage of this motion will result in certification of the LUP amendment as submitted and adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the appointed Commissioners.

Motion to Certify: *I move that the Commission certify Land Use Plan Amendment LCP-3-STC-25-0023-1-Part A as submitted by the City of Santa Cruz, and I recommend a **yes** vote.*

Resolution to Certify: *The Commission hereby certifies Land Use Plan Amendment LCP-3-STC-25-0023-1-Part A for the City of Santa Cruz and adopts the findings set forth below on the grounds that the Amendment conforms with the policies of Chapter 3 of the Coastal Act. Certification of the Amendment complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the Amendment on the environment, or 2) there are no further feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Amendment may have on the environment.*

B. Certify the IP Amendment as submitted

Staff recommends a **NO** vote on the motion below. Failure of this motion will result in certification of the Implementation Plan amendment as submitted and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion to Certify: *I move that the Commission reject Implementation Plan Amendment LCP-3-STC-25-0023-1-Part A as submitted by the City of Santa Cruz, and I recommend a **no** vote.*

Resolution to Certify: *The Commission hereby certifies Implementation Plan Amendment LCP-3-STC-25-0023-1-Part A as submitted by the City of Santa Cruz and adopts the findings set forth below on the grounds that the Amendment conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan. Certification of the Amendment complies with the California Environmental Quality Act, because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the Amendment on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts which the Amendment may have on the environment.*

2. FINDINGS AND DECLARATIONS

A. Proposed LCP Amendment Description

The Commission originally approved the City of Santa Cruz's Local Coastal Program (LCP) in 1985, where the LCP consists of both a Land Use Plan (LUP) and an Implementation Plan (IP), and it includes provisions to carry out the requirements of the Coastal Act. The IP, among other things, lists allowable land uses for each zoning designation, implements appropriate height, mass, and setback requirements for development, and specifies that approvable development must meet specific coastal resource protection standards, all of which derive from and implement LUP provisions. These LUP provisions in turn derive from and implement the coastal resource management provisions of Chapter 3 of the Coastal Act.

The LUP includes the Beach/South of Laurel (BSOL) area plan¹ originally approved by the Commission in 2002 and last updated in 2008.^{2,3} The BSOL geographical boundary includes Beach Hill, Beach Flats, South of Laurel areas/neighborhoods, Santa Cruz Main Beach, the Municipal Wharf, and the Boardwalk (see **Exhibit 3**), all of which are within the coastal zone. The BSOL area plan originally sought to revitalize the area, including to improve the visual and aesthetic qualities of the area through the application of design guidelines, reduced reliance on automobiles and enhanced/incentivized public transit, and establishing residential density standards. The BSOL area is presently comprised of a diverse mix of land uses (including single-family and multi-family residential homes, apartment complexes, beachfront recreation, hotels/motels, and commercial businesses), and the BSOL area plan includes design guidelines that generally seek to maintain its smaller scale residential character,⁴ enhance the seaside resort quality, and promote tourist commercial uses. Taken together, these components of the BSOL plan seek to preserve the small beach-town feel in this particular geographical area of the City, including as it is that aesthetic and ambiance that has historically been associated with the City of Santa Cruz, and the City wanted to make sure to preserve it at the City's core.

¹ The BSOL area plan is located in the LUP, while the Downtown Plan (discussed below) is located in the IP.

² See STC-MAJ-1-01 and STC-MAJ-1-08.

³ The 2008 update exempted public and quasi-public projects located on properties zoned as Parks (PK) or Community Facilities (CF) from the requirements of the area design guidelines, to allow more flexibility in the design of such projects.

⁴ For example, BSOL area plan Community Design policy 1.1 states: "Maintain General Design Guidelines to promote development that respects the physical and environmental characteristics of the community and site, reflecting functional and attractive site planning and high-quality design". Similarly, Land Use policy 2.9 states: "Protect and enhance the charming small-scale residential neighborhoods in the South of Laurel while encouraging the significant development opportunities presented by vacant and underutilized parcels."

The City's IP includes Chapter 4⁵ of the City's "Downtown Plan"⁶ and provides development standards, design guidelines, and other requirements for new development in the downtown area (about a half-mile inland from the shoreline and adjacent to the BSOL area), the southern part of which, generally south of Soquel Avenue, is located within the coastal zone (see **Exhibit 2**).⁷ The Downtown Plan (Plan) is generally bounded by Water Street to the north, Center Street to the west, the San Lorenzo River to the east, and Laurel Street to the south (see **Exhibit 2**). The Plan was initially certified as part of the IP in 1991 to facilitate the rebuilding of downtown Santa Cruz after the 1989 Loma Prieta earthquake, and the Plan was substantially updated in 2018⁸ with a new focus on housing/density,⁹ increased building heights to accommodate such housing, and better integrating the San Lorenzo River/trail network with the immediately adjacent downtown and BSOL areas.¹⁰ Of particular note, the 2018 Downtown Plan update aimed to facilitate new development, particularly housing units, in the southern portion of these districts, and enhance public use of the San Lorenzo Riverwalk. The 2018 changes allowed larger, taller structures supporting mixed uses, and required new development to incorporate design features that connect the downtown area to the river, including requiring new development to provide publicly accessible connections to the Riverwalk from Front Street and to fill the area between the private property line and the levee slope of the river, where such area would be required to be put to public uses (e.g., public paseos, public seating/gathering areas, etc.).

In 2023, the Plan underwent another update which sought to clarify building height allowances (including additional height allowances for activated rooftops elements (i.e., bars, pools, garden areas, etc.)) and requirements related to additional height allowances. It also provided for a new destination hotel located at the prime corner of Front and Laurel Streets adjacent to the river, for which a CDP was approved by the Commission in September 2024.¹¹ The update essentially clarified standards for non-

⁵ Chapter 4 is incorporated by reference into the development standards for the Central Business District zoning designation (IP Section 24.10.2301), which is an implementing section of the City's LCP.

⁶ The City also amended Chapters 1, 2, 3 and 5 of the Downtown Plan; however, these changes are not part of the City's certified LCP and are thus not analyzed as part of this report/amendment.

⁷ Much of the Downtown Plan area is located outside of the coastal zone. Although Chapter 4 covers development standards throughout the downtown area, only approximately 20% of the area falls within the coastal zone boundary.

⁸ See [LCP-3-STC-17-0073-2-Part A \(Downtown Plan\)](#).

⁹ The City of Santa Cruz was among only approximately 7% of local jurisdictions in California that met its Regional Housing Needs Assessment (RHNA) targets for the 2015-2023 Housing Element Cycle, during which the City was required to develop 747 units at various income levels. For 2024-2031 Cycle, the City is responsible for developing at least an additional 3,736 units by the year 2031, made up of at least 859 very low-income units, 562 low-income units, 709 moderate-income units, and 1,606 above moderate-income units, most of which the City intends to satisfy in the greater downtown area. For a City that has somewhere in the neighborhood of 23,000 units currently, 3,736 represents a roughly 15% growth target.

¹⁰ The San Lorenzo River forms the eastern and southern boundary of the downtown area, and the river is located between large levees that confine the river and that provide access trails on top of the levees, known as the "Riverwalk".

¹¹ See CDP A-3-STC-24-0016, the Cruz Hotel, which provides for a 190-unit hotel (including 20 lower-cost standard rooms), related development (e.g., a rooftop pool, a spa and fitness center, restaurant/bar,

residential uses, including adding a requirement that non-residential projects that avail themselves of additional height must pay into the City's affordable housing trust fund.¹² The City's downtown area has undergone significant redevelopment and revitalization in recent years in response to the various updates of the Downtown Plan, including a number of mixed-use projects either built, under construction, approved, or under City review currently totaling some 1,352 housing units.¹³ All parcels located within the Downtown Plan are zoned "Central Business District", and the Downtown Plan then further divides the greater downtown area into four sub-areas/districts (i.e., the Pacific Avenue Retail District, the Front Street/Riverfront Corridor, the Cedar Street Village Corridor, and the North Pacific Area) to help facilitate development that responds to the unique attributes and character of these areas, with an overarching goal of facilitating active and vibrant mixed-use neighborhoods comprised of housing, visitor-serving uses, commercial businesses, and an array of public parks, paseos, and walkways.

The Downtown Plan and the BSOL area plan exist adjacent to each other (with Laurel Street serving as the dividing line between the two area plans), but largely have different underlying directives (e.g., the older BSOL area plan seeks to limit development, while the newer Downtown Plan encourages development). The expanded development capacity of the downtown area has led to new housing units, restaurants, shopping, and improved transportation capacity, all serving as a hub for both residents and tourists. In contrast, while the BSOL area immediately adjacent to the beach and ocean contains hotels, restaurants, shopping, the Wharf, and the Boardwalk, much of the upper BSOL (particularly the area between Beach Hill and Laurel Street) area lacks these features, which has led to a disconnect because the two area plans didn't necessarily envision a development/infrastructure transition plan or mechanisms to integrate these adjacent areas (i.e., the downtown and the City's core coastal destination). The City has long sought to improve connectivity between the downtown core and its popular visitor-serving coastal areas, and such visioning has led

cafe, banquet/meeting rooms, underground parking garage, retail space, and riverwalk amenities (including a publicly accessible outdoor extension area with tables, chairs, and benches, and a public restroom, and a 50-foot wide public paseo)), four off-site affordable workforce housing units for employees, and a comprehensive lower-cost accommodations package.

¹² See [LCP-3-STC-23-0045-2-Part A \(Downtown Plan Update\)](#).

¹³ The City has permitted five major mixed-use housing projects in recent years in the downtown area, including one 100% affordable housing projects, three of which are currently under construction and two are complete. These six projects alone total 642 residential units, 279 of which are required to be affordable. In addition, the City has four housing projects currently in the planning/permitting stage within the downtown area, both in and out of the coastal zone, that will provide 462 market rate and 375 affordable units. In total, the City has ten housing projects currently under construction or in the planning/permitting stage within the downtown area that will provide a total of 1,352 housing units: Cedar Street family apartments (includes 16 very low-income and 48 low-income units); 130 Center Street (includes 35 very low-income units and 198 market-rate units); 530 Front Street (includes 28 very low-income units, 9 low-income units, and 239 market rate units); Front Street Mixed-Use (includes 15 very low-income units, 5 low-income units, and 155 market rate units); New Library and Mixed-Use Building (includes 78 very low-income units and 45 low-income units); 2035 N. Pacific (includes 5 low-income units and 21 market rate units); Pacific Station South (includes 59 very low-income units, 10 low-income units and 1 market rate unit); Pacific Station North (includes 125 low-income units and two market rate units); 136 River Street (includes 38 very low-income units and 12 low-income units); and 100 Laurel Street (includes 205 market rate units).

to the selection of the South of Laurel Area (SOLA)¹⁴ as the prime location to expand the boundaries of the Downtown Plan and better transition development and accompanying multi-modal infrastructure between the two areas. The proposed amendment thus primarily serves to expand the Downtown Plan via modifying the existing BSOL area plan boundary and accompanying regulations governing this area and to incorporate it into the Downtown Plan with an emphasis on significantly increasing housing capacity (including especially affordable housing) in this area, activating street-front businesses (such as restaurants and retail spaces), providing for a new Santa Cruz Warriors¹⁵ stadium and event center, creating new public parks and pedestrian-only streets, and enhancing bicycle and pedestrian connectivity/safety in accordance with other LCP, City, and state climate action goals related to reducing greenhouse gas emissions (GHGs) and vehicle miles traveled (VMT).

The City is proposing changes to both the LCP's Land Use Plan and Implementation Plan regarding land use policies, land use maps, area plans, zoning ordinances, and zoning maps affecting two adjacent areas: the Beach/South of Laurel Area Plan (in the LUP) and the Downtown Plan (in the IP). As noted above, the primary purpose of the amendment is to adjust the boundaries of the Downtown Plan Area to incorporate the area south of Laurel Street between the west side of Pacific Avenue and the San Lorenzo River, and south to the roundabout at Center Street and Pacific Avenue (and thus creating a new subdistrict, the SOLA district) into the Downtown Plan. Doing so would shift this portion of town from the BSOL Plan (see **Exhibit 3**) to the Downtown Plan, with policies specific to it.

Generally, the amendments seek to facilitate new development and expand on the success of past Downtown Plan amendments to improve connections between the downtown core areas and popular visitor-serving destinations such as the Municipal Wharf, Main Beach, and the Boardwalk, including by enhancing bike and pedestrian connections, and adding housing, businesses, public spaces, and commercial development, thus creating more opportunities to live, work, visit, shop, and recreate all within a more concentrated area and allowing people to reduce vehicle trips via biking, walking, and using public transportation. The specific proposed changes to the LUP include:

- Amend the BSOL Plan Boundary to exclude a portion of the south of Laurel area (see **Exhibit 3**).
- Amend policies in the BSOL Plan to remove references and design guidelines related to the area being excluded.
- Amend LUP Policy LU 1.1 to "prioritize development within the Downtown Plan boundary" including by utilizing "either State or City Density Bonus...to meet City

¹⁴ The new SOLA district consists of approximately 29 acres just south of the core downtown area and is generally bound by Laurel Street, the San Lorenzo River, Front Street, and Center Street.

¹⁵ The Santa Cruz Warriors are the Golden State Warriors' G League (or minor league) basketball team, and they have played out of what was originally built and envisioned as a 'temporary' facility since the 2012-13 season, where that facility when it was built was estimated to have a maximum 15-year lifespan.

goals related to housing, economic development, and connectivity” and to “enhance and maximize public access opportunities and connections... while ensuring development protects coastal resources”.

- Amend LUP Policy CD 2.2.1 to ensure development is “compatible with visually sensitive areas” and “responsive to the context of the site”.
- Amend LUP Policy CD 3.5.4 to remove references to Mission Hill, an area which is not in the coastal zone.
- Modify the LUP Land Use Map to modify the land use designation of six parcels contained in the south of Laurel area: three from high density residential to regional visitor commercial and three from medium density residential to regional visitor commercial. In other words, the allowed uses are changing from multifamily/single-family residential uses and mixed uses to entirely mixed uses (e.g., office and retail uses, residential and mixed uses, restaurants, visitor serving attractions, etc.).

The specific changes to the IP include:

- Amend the Downtown Plan Area Map to include the new SOLA district (and set new height allowances for this area) (see **Exhibit 2**).
- Add permitted uses for both ground floor and upper floors in the SOLA district (i.e., residential (except one- and two-family dwellings), commercial, and institutional/community centers).
- Prohibit private building amenities and incorporate “people-oriented” uses on the ground floor.
- Allow for one multiuse sports arena and thrift stores/pawn shops.
- Set new Floor Area Ratio (FAR) standards: sites North of Laurel may develop up to 5.0 FAR, while sites South of Laurel may develop up to 3.5 FAR.
- Modify mechanical penthouse height allowances relative to overall building height.
- Prohibit driveways along Pacific Avenue and Spruce Street to improve walkability and decrease conflicts between pedestrians and vehicles.
- Add standards to prohibit blank walls and break up massing; require door entries every 100 feet within buildings along Front Street to prevent solid walls along the street.
- Prohibit residential uses along the Riverwalk level south of Laurel.
- Require development along the Riverwalk to physically and/or financially contribute to public access improvements (e.g., through building design such as new public accessways, an improvement district (where an extra tax is added to fund specific projects), etc.). Ultimately, the plan envisions that circulation attributable to Laurel

Street Extension would be rerouted and the area turned into a public park, which will allow Spruce Street to become pedestrian-only.

- Add a policy to the Downtown Plan that new development must comply with floodplain standards (which is already required elsewhere in the LCP, but not specifically in the Downtown Plan) (see page 64 of **Exhibit 2**).
- Add a policy to the Downtown Plan that requires outdoor lighting to protect the riparian habitat (shielding lights, color temperatures, low intensity) (again, which is already required elsewhere in the LCP, but not specifically in the Downtown Plan) (see page 64 of **Exhibit 2**).
- Add new South of Laurel Area Development Standards (Section K) as follows
 - Allow a maximum base building height of 50, 70, or 85 feet depending on the specific location (see pages 19 and 21 of **Exhibit 2**).
 - Limit ground floor uses to commercial uses to help facilitate an active downtown.
 - Require upper-level tapering and facades and view corridor setbacks to help maintain the public view from the Cliff Street Stairs toward the San Lorenzo River by setting back (between 35-75-foot setback) all stories above 35 feet for development located south of Spruce Street, north of Beach Hill, and between the Santa Cruz Riverwalk and Front Street.
 - Require new development to provide a visual simulation from the ground floor as part of the development review process.
 - Incentivize activated rooftop amenities (e.g., gardens, pools, bars, etc.) but require specific design standards to ensure compatibility with surrounding environments and building designs.
 - Limit private vehicular parking through the following measures: no onsite parking permitted (unless it meets certain requirements consistent with AB 2097); parking for residential units must be unbundled (i.e., if you rent a residential unit you are not also required to pay for a parking space); parking for the sports arena may have more driveways; and electric bicycles must be provided to residents for communal use in all residential developments with 50 units or more.
 - Set standards for a new sports arena (e.g., active ground floor commercial uses, high quality materials, incorporating windows and massing breaks, etc.).
 - Establish the Downtown Density Bonus (DDB), which would be unique to the proposed SOLA district. The proposed DDB would be a voluntary program that allows increased FAR in exchange for a limit on height¹⁶ and offers more

¹⁶ The proposed DDB caps the maximum allowable height in SOLA at 85 feet, where DDB Option A allows up to an additional 75% FAR on top of the base FAR and up to an additional 75% in height (up to a maximum of 85 feet in total height), while Option B honors the base height limits (either 50, 70, or 85 feet)

flexibility in fulfilling inclusionary housing requirements (on-site, off-site, fee, land dedication, or a combination) while simultaneously respecting other LCP requirements related to enhanced public access improvements and amenities, water quality, ESHA, etc. In fulfilling the inclusionary requirement on-site, developers can provide a mix of income levels, where 13.4% would be at the low-income level and 8% would be moderate (for a total of 21.4% of units). If off-site, 26.7% of units would have to be provided at the low-income level. The purpose of the DDB is to support a compact urban core while achieving a higher-than-average rate of below-market-rate housing units, promoting high-quality design, and limiting building heights to 85 feet and twelve or fewer stories. If a developer elects to pursue the DDB, they agree to permanently forgo any State or other City Density Bonus.

- Amend text referencing four subdistricts in CBD to five subdistricts because the amendment is creating a new subdistrict (SOLA District (IP 24.10 Central Business District)).
- Strike the zoning section for CBD-E (Central Business District, Lower Pacific Avenue) (the proposed amendment would render the CBD-E district obsolete because it will no longer exist in the City and has been consolidated by the CBD district).
- Instead of assessing additional off-street parking capability on a case-by-case basis in the downtown area (for properties that require a greater number of parking spaces and can't accommodate such spaces on-site), require an in-lieu fee to be assessed, which will be based on the Downtown Parking Resolution (i.e., the City's updated downtown parking rates) and directed to the City's Parking District Fund.
- Rezone areas in the SOLA District from R-H (Multiple Residence High-Density), R-M (Multiple Residence Medium-Density), CBD (Central Business District), CBD-E (Central Business District Lower Pacific Avenue), and R-T(C) (Beach Commercial) to only CBD (Central Business District).

In short, the proposed amendment modifies various standards in both the LUP and IP to achieve the new South of Laurel Area (SOLA) district vision, including through new more generous height limits, limiting ground floors of buildings to active uses, encouraging activated rooftop uses and connections to the Riverwalk, and allowing multiple housing types in the area (i.e., multi-family dwellings, townhomes, community care facilities, flexible density units, single room occupancy housing, family day care homes, and supportive/transitional housing). Of the more substantive changes proposed to the SOLA area, the amendment allows for an increase in the range of base height limits (from the current maximums of 30 to 48 feet up to between 50 and 85 feet, depending on the specific location),¹⁷ the ability to add a new permanent sports/events

in exchange for unlimited FAR (see page 71 of Exhibit 2). In other words, the DDB allows for potential minor increases in height, but ensures buildings do not exceed 85 feet in total height.

¹⁷ The existing 30-48-foot maximum and the proposed 50 to 85-foot maximum represent the IP base height exclusive of any additional height that may be authorized pursuant to state DBL.

arena, and standards for the City's Downtown Density Bonus, a voluntary program meant to increase the range of affordability and the net percentage of overall affordable housing units while limiting height developments to 12 or fewer stories.

All told, the City estimates the proposed amendment would facilitate some 1,600 new housing units (with at least 20% of those units (i.e., 320) as affordable housing), along with a new regional event space/arena, new public amenities including a new pedestrian-only street adjacent to the arena (Spruce Street), an upgraded Riverwalk with improved lighting, surfaces, and landscaping, and expanded public space adjacent to the Riverwalk by converting existing road right-of-way (i.e., Laurel Street Extension) into a park/gathering area.

See **Exhibit 1** for the proposed LUP amendment text, see **Exhibit 2** for the proposed IP amendment text, and see **Exhibit 3** for proposed LUP/IP map changes.

B. Standard of Review

The proposed amendment includes changes to both the LCP's LUP and IP. The standard of review for the LUP changes is that they must conform with the requirements of Chapter 3 of the Coastal Act, and the standard of review for the IP changes is that they must be consistent with and adequate to carry out the provisions of the certified LUP as amended.

C. Proposed LUP Amendment Consistency Evaluation

1. Land Use and Development

Applicable Coastal Act Provisions

The following sections of the Coastal Act guide the appropriate kinds, locations, and intensities of development and use, as well as necessary coastal resource protection standards. As a general rule, the Coastal Act seeks to promote infill development within existing developed communities with adequate public services and where such development will not cause adverse impacts to coastal resources. Applicable provisions include:

30250(a). *New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources....*

30253. *New development shall do all of the following: (a) Minimize risks to life and property in areas of high geologic, flood, and fire hazard. (b) Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs. (c) Be consistent with requirements imposed by an air pollution control district or the State Air Resources Board as to each particular development. (d) Minimize energy consumption and vehicle miles*

traveled. (e) Where appropriate, protect special communities and neighborhoods that, because of their unique characteristics, are popular visitor destination points for recreational uses.

Within these existing developed communities able to accommodate new development, the Coastal Act promotes certain developments over others, including public recreational access uses/facilities and visitor-serving uses (including lower-cost uses and accommodations). The Act also envisions walkable, mixed-use communities in close proximity to transit. Applicable provisions include:

30213. *Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred. ...*

30222. *The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.*

30252. *The location and amount of new development should maintain and enhance public access to the coast by (1) facilitating the provision or extension of transit service, (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing nonautomobile circulation within the development, (4) providing adequate parking facilities or providing substitute means of serving development with public transportation, (5) assuring the potential for public transit for high intensity uses such as high-rise office buildings, and by (6) assuring that the recreational needs of new residents will not overload nearby coastal recreation areas by correlating the amount of development with local park acquisition and development plans with the provision of onsite recreational facilities to serve the new development.*

In addition, while not part of Chapter 3, the Coastal Act also encourages affordable housing:

30604(f). *The Commission shall encourage housing opportunities for persons of low and moderate income....*

30604(g). *The Legislature finds and declares that it is important for the commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.*

The Coastal Act establishes clear parameters and priorities for the location, intensity, type, and design of new development in the coastal zone as a means of protecting coastal zone resources and enhancing them where feasible. These parameters and priorities emanate from both specific Coastal Act policies and requirements, as well as the overlap and interplay between them.

Consistency Analysis

The proposed LUP amendment identifies an area of the City where opportunities for dense new development exist and provide ways (as further articulated in the subsequent IP analysis) to assure that development will not have significant adverse effects, either individually or cumulatively, on coastal resources, consistent with the above-stated Coastal Act requirements. In other words, the amendment would allow higher-density development in a currently underdeveloped part of the City just outside the downtown core and close to public transit, developed services, and amenities including the beach and the City's iconic waterfront attractions. At a broad level, the proposed LUP amendment seeks to prioritize infill development within the City's existing urban fabric by expanding the geographical boundary of "Downtown", and to facilitate new housing, including affordable housing, alongside other development goals (increased public access connectivity, open spaces, economic vitality, reduced GHGs and VMTs, etc.).

Coastal Act Section 30250(a) encourages development within existing developed areas in order to limit impacts on coastal resources, while Coastal Act Section 30253 lists a series of requirements for new development to avoid impacts on coastal resources (in addition to other Coastal Act requirements that protect sensitive habitats, wetlands, and agriculture, none of which are present in the already built up SOLA/downtown area, although the SOLA is adjacent to the San Lorenzo River corridor, which does have significant habitat value). The SOLA area is highly developed and consists primarily of medium-density residential neighborhoods, including apartment complexes, intermixed with large, land intensive light industrial uses (e.g., car sales lots). In general, the residential neighborhoods are clustered along the southern edge of Laurel Street, while the commercial and light industrial uses follow the transportation arterials of Pacific Avenue and Washington Street. The City is proposing to redesignate six parcels. Specifically, three parcels are proposed to be redesignated from High Density Residential (H) to Regional Visitor Commercial (RVC), while an additional three parcels are proposed to be redesignated from Medium Density Residential (M) to RVC. While both M and RVC have a maximum residential density of 30 dwelling units per acre, H has a maximum residential density of 55 dwelling units per acre. Thus, only the three parcels proposed to be modified from H to RVC would result in a change in density.¹⁸ The RVC designation emphasizes a mix of regional office and retail uses, residential and mixed-use developments, and visitor attractions such as major restaurants, retail, and entertainment uses. Thus, the proposed LUP amendments maintain the option for residential development while also fostering additional mixed-use development within downtown Santa Cruz's already densely developed urban fabric consistent with Coastal Act Section 30250's mandate to develop within already existing developed areas with adequate public services so as to minimize and avoid impacts to coastal resources.

Coastal Act Section 30213 gives preference to development that includes public recreational opportunities, while Coastal Act Section 30222 prioritizes visitor-serving

¹⁸ Note that this decrease in density would be offset by the proposed amendment's maximum height and density allowance increases elsewhere.

uses over other types of development. Similarly, Coastal Act Section 30252 provides for increased transportation options and also encourages improved public transit. Both public recreational opportunities and visitor-serving uses are important to the visioning for the SOLA district, as the SOLA district serves as a connection point between two important visitor-serving areas (downtown and the beach/ocean). Here, the amendment modifies LUP Community Design Policy 1.1 to enhance and maximize public access opportunities and connections between the City's downtown, the Riverwalk, and the beach/coast, while ensuring development projects protect coastal resources in accordance with Sections 30213 and 30222. The Riverwalk already provides public recreation opportunities in the SOLA District and connects the core of the City to popular coastal attractions such as the Boardwalk and Main Beach; however, access between the Riverwalk and the rest of the City is limited and uninviting, and the Riverwalk pathway is not utilized to its full potential. Thus, the proposed LUP objectives calling for public spaces, public connectivity, etc. seek to enhance public recreational opportunities consistent with Section 30213. The proposed amendment functions in this fashion, requiring new development to contribute to improved connections to the Riverwalk (such as via new public paseos and gathering areas) and related Riverwalk improvements.^{19,20} Lastly, the proposed amendment aims to create new pedestrian-only public areas while improving roadway connections (including roadway realignment, new roundabouts, expanded bike/pedestrian lanes/sidewalks, etc.), including to provide an improved throughway alongside the Riverwalk in accordance with Section 30252.²¹

Overall, a key priority for the proposed LUP amendment (and thus the SOLA area that would now be accounted for via the proposed expanded Downtown Plan) is new and enhanced public connections and amenities, which aligns with Coastal Act public access and recreation objectives. Put another way, this amendment can be understood as a comprehensive housing and transportation vision that will provide for coordinated redevelopment of private and public property to collectively activate and enliven this central part of town. The amendment also supports the concentration of new development in already-developed areas with adequate services and amenities, as required by the Coastal Act. To facilitate this type of development, the amendment alters some area-specific policies relating to view corridors and intensifying land uses; however, these changes are not expected to result in significant adverse impacts to the coastal resources protected by the

¹⁹ See the proposed IP amendment (Downtown Plan section E(5) (Access to the Riverwalk) in **Exhibit 2**) for more detailed public access related changes.

²⁰ It is noted that these types of policies already exist in the Downtown Plan as it applies north of Laurel, and they are already resulting in changes of this nature to the Riverwalk and the areas adjacent to it, including exciting opportunities for better connecting the downtown area to the river and vice versa.

²¹ Specifically, the proposed amendment would provide for the realignment of Laurel Street Extension (which currently runs parallel to the Riverwalk), thus allowing a portion of the current road right-of-way to be converted into expanded public gathering space adjacent to the Riverwalk and subsequently allowing for Spruce Street to be closed to traffic (and converting into a pedestrian-only plaza). In addition, the proposed changes provide for sidewalks along Front Street and Pacific Avenue to be expanded and new separated bike lanes added along those streets, a new roundabout at the intersection of Pacific Avenue and Front Street, rebuilt stairs leading from the Riverwalk to Cliff Street, as well as improved lighting, surfaces, and landscaping throughout the area.

Coastal Act. For these reasons, the proposed LUP amendment can be found consistent with the above-cited Coastal Act provisions.

2. Public Views

Applicable Coastal Act Provisions

The Coastal Act requires protection of scenic resources, including views to and along the ocean and scenic coastal areas, and also requires that new development be visually compatible with the character of surrounding areas.

30251. The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas...

Consistency Analysis

Coastal Act Section 30251 requires the protection of scenic resources, including views to and along the ocean and scenic coastal areas, and also requires that new development be visually compatible with the character of surrounding areas. The proposed LUP amendment modifies three existing LUP policies (namely, Land Use Policy 1.1 and Community Design Policies 2.2.1 and 3.5.4, see **Exhibit 1**) related to visual resources and new development. Specifically, the proposed amendments seek to better reflect the changing downtown landscape, in which denser development is appropriate and thus should be prioritized within the downtown core where coastal resource concerns are more limited (and the proposed changes to Land Use Policy 1.1 acknowledges as much). The proposed changes to Community Design Policies 2.2.1 and 3.5.4 similarly explicitly acknowledge the changing landscape and call for taking into account not only existing development but planned development when considering new development proposals and considering development compatibility, and ensuring that some visual connection to Beach Hill remains. These changes reflect an appropriate balance between Coastal Act Sections 30251 and 30250(a) because they acknowledge the more limited coastal resource concerns that apply in the SOLA area while simultaneously providing visual/design guidelines. Finally, and as detailed elsewhere in this report (see, for example “Public Views” section on pages 26-27 below), given that the area affected by the proposed amendment is significantly inland and is divided by an elevated neighborhood known as “Beach Hill”, ocean views will not be affected by the proposed amendment, thus upholding Section 30251’s protection of views to and along the ocean.

In sum, while the proposed amendment will permit development that alters the SOLA district viewscape (i.e., it will allow for buildings taller than the existing built conditions), the changes only apply to a relatively small area within Santa Cruz’s urban core and will actually match the height limits already in effect in the rest of downtown (which, as described previously, has many buildings either built, under construction, or approved). Accordingly, while the amendment will facilitate taller buildings, it should generally fit in with the rest of the adjacent downtown area. Moreover, a neighborhood known as “Beach Hill” lies between the remaining BSOL area and the proposed-to-be modified

downtown area, and thus there are presently no beach/ocean views from the downtown area. For all of these reasons, it is therefore not anticipated that the proposed LUP amendment would lead to adverse scenic and visual resource impacts. For these reasons, the proposed LUP amendment can be found consistent with Coastal Act Section 30251.

3. Habitat and Water Quality

Applicable Coastal Act Provisions

The Coastal Act protects natural resources and sensitive habitats. The following sections of the Coastal Act pertain to the preservation and enhancement of marine resources, coastal waters, and environmentally sensitive habitat areas (ESHAs):

30230. *Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.*

30231. *The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface waterflow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.*

30240. *(a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas. (b) Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.*

Consistency Analysis

In both urban and rural communities, the Coastal Act protects natural resources and sensitive habitats and establishes clear parameters and priorities for the location, intensity, type, and design of new development in the coastal zone as a means of protecting coastal zone resources and enhancing them where feasible. Coastal Act provisions emphasize the importance of protecting, maintaining, enhancing, and restoring coastal waters, wetlands, and ESHA, and stress that development within or adjacent to such areas is only allowed for a very limited number of uses and under exacting criteria, as specified in each applicable provision, to protect these resources from degradation.

The City of Santa Cruz's downtown area and those adjacent to it are largely built out, and thus natural resources worthy of protection under the Coastal Act mainly arise from parks and waterways. The SOLA district is located adjacent to the San Lorenzo River and Riverwalk, an important parks and recreation area and river/lagoon system that provides important habitat for anadromous, marine and freshwater fish species and waterfowl. As such, careful consideration of adjacent development must be given to ensure new development does not degrade such areas and, where feasible, serves to enhance them. Proposed LUP Community Design Policy 1.1 speaks to prioritizing infill development within the existing urban fabric of the City, specifically in the Downtown Plan boundary, and ensuring new development protects coastal resources, including water quality. New development would likewise be subject to the City's Creek and Wetlands Management Plan, where the plan identifies exacting requirements for development adjacent to important waterways (e.g., setbacks, buffers, surveys and monitoring, etc.), including explicit standard applicable to the San Lorenzo River. In addition, the IP includes a series of design guidelines and provisions to protect water quality and marine resources, both during and after construction, including regarding grading, sediment, lighting, and bird safety. As such, the proposed LUP amendment adequately protects natural resources, including coastal waters and environmentally sensitive habitat areas, and can thus be found consistent with the applicable Coastal Act habitat and water quality provisions.

4. LUP Amendment Consistency Evaluation Conclusion

Thus, and for all of the reasons articulated in the above findings, the proposed LUP amendments can be found consistent with the Coastal Act and can be certified as submitted.

D. Proposed IP Amendment Consistency Evaluation

As articulated above, IP amendments must be consistent with and adequate to carry out the certified LUP. For the purposes of this IP amendment consistency evaluation, and because the LUP changes can be approved as submitted, as discussed above, the proposed IP changes are evaluated in relation to the IP as it is proposed to be amended.

Applicable Land Use Plan Provisions

The City's LUP is comprised of ten overarching elements (e.g., Community Design, Land Use, Parks and Recreation, etc.) as well as components of several area plans. LUP provisions relevant to the proposed IP amendment include:

Environmental Quality Element Policy 2.3: *Ensure that new development or land uses near surface water and groundwater recharge areas do not degrade water quality.*

Environmental Quality Element Policy 4.2.5: *Protect and minimize the impact of development on bird, fish, and wildlife habitat in and adjacent to waterways.*

Community Design Element Policy 1.1: *Infill and intensify land uses consistent with existing neighborhood or commercial district patterns in developed areas currently served by municipal services.*

Community Design Element Policy 1.1.1: *Focus development in the Central Core, and along arterial and mass transit corridors.*

Community Design Element Policy 1.1.2: *Develop design criteria to ensure compatibility of infill development with existing neighborhoods and proposed development patterns.*

Community Design Element Policy 2.2: *Preserve important public views and viewsheds by ensuring that the scale, bulk, and setback of new development does not impede or disrupt them.*

Community Design Element Policy 2.2.1: *Develop siting, scale, landscaping and other design guidelines to protect visually sensitive areas and ensure development is compatible with the character of the area.*

Community Design Element Policy 2.2.2: *Identify important vistas and view corridors of community wide value to be preserved and require development to provide visual and physical breaks to allow access to these areas.*

Community Design Element Policy 3.4: *Develop and maintain physical and visual linkages between key areas in the City.*

Community Design Element Policy 3.6: *In pedestrian areas, require building design to be responsive to the pedestrian environment. These areas include but are not limited to Downtown, South of Laurel, the Beach, wharf, shoreline, and commercial shopping areas.*

Community Design Element Policy 3.7: *Require development to incorporate features to promote pedestrian use including new linkages to the pedestrian system.*

Economic Development Element Policy 4.5.1: *Require continuity of active ground-level uses (retail, restaurant, cultural, etc.) along Pacific Avenue.*

Economic Development Element Policy 5.3: *Provide careful evaluation and require appropriate design of visitor-serving facilities and services to reduce traffic and also ensure protection of neighborhood, important views, and the natural environment.*

Land Use Element Policy 2.1.2: *Maximize land intensity or densities in areas unconstrained by resources or hazards and having adequate service capabilities.*

Land Use Element Policy 2.6.3: *Prioritize development of high-density mixed residential and commercial development in the City's Downtown Central Business District...and South of Laurel areas over undeveloped lands at the periphery of the City.*

Land Use Element Policy 2.7.2[A]:²² Improve the character and quality of visitor-serving commercial area to encourage more off-season and overnight visits.

Land Use Element Policy 2.7.2[B]: Prepare an area plan for the South of Laurel area providing for a mix of multi-family and commercial uses. The plan should be guided by the objective of creating an in-City, people-friendly, medium to high-density neighborhood with neighborhood commercial areas that coexists with visitor-serving commercial development linking the beach area to downtown...

Land Use Element Policy 3.5.5: Develop and implement plans to maximize public access and enjoyment of recreation areas along the coastline.

Land Use Element Policy 5.3: Provide for high-density development and mixed-uses, where appropriate, as well as transit- and pedestrian- oriented land use patterns to reduce dependence on the automobile and support the use of mass transit and other alternative transportation modes.

Land Use Element Policy 5.6.2: Provide public access from and through new development to adjacent or nearby schools, parks, natural areas, and coastal recreation areas.

Taken together, these LUP provisions speak to enhancing the visitor-serving experience and maximizing public access/recreation opportunities in the City; enhancing the pedestrian environment, including by activating ground floor areas and designing development with pedestrian-oriented standards; concentrating development in centralized areas with a mix of uses and amenities, including in an effort to reduce dependence on private automobiles; and seeking to enhance the visitor-serving commercial areas to enhance economic vitality including off-season tourism. The LUP also specifically identifies the SOLA area as ripe for new development, including through the creation of a new area plan that provides for a mix of housing opportunities, commercial spaces, and connections to both the downtown and beach areas.

Consistency Analysis

Land Use and Development

As discussed above, the proposed IP amendment primarily makes changes to Chapter 4 of the Downtown Plan, including adding development standards for the SOLA district, as well as revising the zoning map and minor accompanying changes to IP sections related to the Central Business District (CBD) and Subdistrict E (CBD-E).²³ While the LUP amendment served to remove a portion of the South of Laurel area from the BSOL plan, the proposed IP amendment would add the same portion to the Downtown Plan. These actions consequently implement the concepts described above in the LUP

²² Both this Land Use Element policy and the one listed just below it are labeled “Policy 2.7.2” in the City’s LCP, and are described here as Policy 2.7.2[A] and 2.7.2[B]. The City is currently pursuing a comprehensive LCP LUP update, which will resolve typos and inconsistencies such as this.

²³ Specifically, the IP text changes not contained in the Downtown Plan affect IP Sections 24.10.2300-2301, 24.10.2360-2385, 24.12.250, and 24.12.290.

consistency analysis and provide the same benefits with respect to concentrating development in existing developed areas and enhancing public access and recreation opportunities, while protecting public views and ESHA and water quality. In other words, the proposed IP amendment is consistent with the LUP provisions described above that themselves are consistent with the relevant Coastal Act provisions cited above (e.g., LUP Community Design Element Policy 1.1 and 1.1.1, which seeks to intensify infill development and requires focusing development in the existing downtown core, LUP Land Use Element Policy 5.6.2, which requires public access from and through new development to nearby parks, natural areas and coastal recreation areas, and LUP Land Use Element Policy 2.7.2, which calls for an area plan to intensify development in the SOLA district).

While certain components of the proposed amendment require a more thorough analysis and discussion, many of the proposed changes are fairly straightforward. For example, the proposed changes help concentrate development in existing developed areas and enhance public access and recreational opportunities consistent with the LUP. Notably, ground floor uses (both at the street level and Riverwalk level) would be required to be active “people-oriented” uses (i.e., residential, hotel rooms, and private building amenities are prohibited at all ground floors whether adjacent to the street or Riverwalk). The proposed changes include standards to improve walkability and decrease conflicts between pedestrians and vehicles, including prohibiting driveways along certain areas in the SOLA district and implementing standards to break up massing and blank walls, which enhances resident and visitor experiences alike consistent with LUP Community Design Policy 3.7. These types of changes would also help activate the ground floor areas and help enhance the pedestrian experience throughout the downtown districts, consistent with the LUP’s requirements to provide continuity of active ground-level uses (see Economic Development Element (ED) Policy 4.5.1) and ensure building designs are responsive to the pedestrian environment (see Community Design Element (CD) Policy 3.6). The activation of ground-level areas as proposed in this amendment will similarly enhance the resident and visitor-serving experiences in the downtown area, in line with the LUP directive to maximize enjoyment of recreation areas along the coast (see Land Use Element (LU) Policy 3.5.5).

In addition, permitted uses in the SOLA district reflect the uses permitted elsewhere in the downtown area, including residential (i.e., multifamily, SROs, FDUs, townhomes, community care facilities, and transitional/supportive housing, but does not allow one- and two-family dwellings), commercial (e.g., banks, breweries, hotels), and institutional/community centers (e.g., daycare, government buildings, medical centers), most of which would require an administrative use permit to facilitate their development in the area. These changes seek to focus more development in the newly expanded downtown area, where those uses can satisfy a variety of residential, commercial, economic, social, and transportation needs (see LUP Land Use policies 2.1.2 and 2.7.2). Concentrating an array of development and a variety of uses adjacent to downtown Santa Cruz, including a mix of housing, offices, general commercial, indoor recreation, and visitor-serving uses, and in close proximity to the Santa Cruz Beach Boardwalk, Cowells Beach, Main Beach, and the Santa Cruz Wharf (all generally a half mile to a mile away) also satisfy LU Policies 2.7, 2.6.3 and 5.3, and ED Policy 5.3, which together seek to promote a mix of uses to encourage multi-modal and alternative

transportation and help further the City's climate action goals by helping to facilitate projects intended to reduce GHGs and VMTs. More specifically, the proposed amendments help create more opportunities to live, work, visit, shop, and recreate all within a more concentrated area, allowing people to reduce private vehicle trips via biking, walking, and using available public transportation.

The proposed IP amendment also includes the City's "Downtown Density Bonus" (DDB), which serves as a voluntary alternative option to state Density Bonus Law (DBL).²⁴ In essence, State DBL allows a market-rate residential development project to exceed local development standards in exchange for incorporating a certain amount of affordable residential units for specific socio-economic demographics into the project. DBL grants exceptions to density and other quantitative development standards (e.g., height, FAR, setbacks, etc.) for development projects that include affordable residential units for moderate-, lower-, and very-low-income residents; transitional foster youth; disabled veterans; unhoused persons; and college students receiving financial aid. Cities and counties are required to grant a "density bonus," which is an exceedance of the otherwise allowable project density and other numerical zoning standards, if a housing project includes affordable units for one or more of these demographics with the density bonus calculated as a sliding scale based on the percentage of affordable units provided and the demographics targeted.

When any of these exceptions are requested by a developer, a local government is required to grant it "by right"²⁵ through a ministerial, administrative process unless the local government can affirmatively demonstrate that the exception would not result in a cost savings to the developer, would cause a public health or safety problem, would harm historical property, or would be contrary to law.²⁶ Aside from these limited bases for denial, there is no cap on the number of development standard waivers that may be requested or granted. Thus, the City, when reviewing development applications using State DBL, is limited in its ability to modify such proposals, including in terms of waivers or concessions. Along these same lines, the City is generally not able to influence how a density bonus is incorporated into the design of a project; in other words, existing development allowances could be used to propose a building that is much taller than the current local height limits using state DBL. In addition, while state DBL includes a required percentage of affordable units, such requirements are based on the initial base

²⁴ The State's Density Bonus Law is codified in Government Code Section 65915 et seq.

²⁵ Except in the coastal zone, where CDPs are still required. Government Code Section 65915(m) seeks to harmonize the Coastal Act and Density Bonus Law through inclusion of a Coastal Act "savings clause." It reads: *This section does not supersede or in any way alter or lessen the effect or application of the California Coastal Act of 1976 (Division 20 (commencing with Section 30000) of the Public Resources Code). Any density bonus, concessions, incentives, waivers or reductions of development standards, and parking ratios to which the applicant is entitled under this section shall be permitted in a manner that is consistent with this section and Division 20 (commencing with Section 30000) of the Public Resources Code.* The City's LCP further tailors these harmonizing requirements by ensuring that projects can utilize DBL incentives while also being as consistent as possible with the LCP and do not result in any significant adverse coastal resource impacts (see IP Section 24.16.262).

²⁶ The bases upon which a local government can reject a requested incentive/concession or waiver previously included finding that such an exception would have an adverse impact on the environment. However, this basis was removed by Senate Bill 290 (Skinner, Ch. 340, Stats. 2021).

project (i.e., before any bonus units are added) and are not mutually exclusive to local inclusionary requirements (i.e., affordable units meeting the state DBL requirement also count towards meeting the City's inclusionary requirement). This leads to projects utilizing State DBL with overall inclusionary percentages of between 13-15% of the project's total units, below the City's standard 20% inclusionary requirement.

Thus, to provide more certainty over project outcomes without interfering with State DBL the City sought to create the DDB, which is a development incentive program that will be available to developers in the SOLA district as a voluntary alternative to using State DBL. The program would limit building heights at or below 12 stories/85 feet while also obtaining a higher net percentage and greater mix of housing affordability levels (i.e., very low-, low-, and moderate-income housing). To do this, the DDB incentives are structured to have more attractive incentives to developers than those provided by State DBL,²⁷ including because it allows for potentially unlimited floor area ratio (FAR)(in exchange for a maximum allowable height of 85 feet), allows moderate income units to be counted towards some of the affordable units (an income category that the State DBL does not emphasize), and allows for greater flexibility in how the below market rate units are provided. Under the proposed amendment, the DDB provides developers with two options²⁸ to obtain development bonuses related to floor area ratios (FAR) in exchange for a limit on maximum height, and more flexibility on fulfilling inclusionary requirements (i.e., on-site affordable units, off-site affordable units, or through an in-lieu fee) to qualify for such bonuses. Development projects can qualify for the City DDB in three ways: (1) a project can provide affordable units on-site with a minimum of 13.4% of the total units in the final project (i.e., inclusive of bonus units) allocated to low-income households and an additional 8% of the total units allocated to moderate-income households (110% area median income), for a total of 21.4% affordable units; (2) a project can provide affordable units off-site²⁹ with a minimum of 26.7% of the total units in the final project (i.e., the DDB proposal project) allocated to low-income levels (i.e., 80% area median income); or (3) a project may pay a fee³⁰ towards the City's affordable housing trust fund at a rate of \$60 per square foot of all housing units in the

²⁷ The DDB is also completely voluntary (i.e., developers are not required to use it over state DBL) and simply provides another option for projects that may benefit from its incentives. If a developer does choose to use it, however, that developer would be required to forego using State DBL, both now and in the future, so as to avoid using both incentive programs.

²⁸ Specifically, option A allows qualifying proposals to build up to 12 stories (not to exceed 85 feet) in height and up to 6.125 FAR (3.5 FAR base + 75% bonus), while option B allows qualifying proposals to build up to the base height limit (50-85 feet) with no limit on FAR. Both options require the project to go through a discretionary process that includes an Architectural Review Committee and Planning Commission Subcommittee to review the design and building materials.

²⁹ To qualify for this option, the site where the affordable units are located must be within a half mile of the South of Laurel area (i.e., the newly created SOLA district); within the boundaries of the expanded downtown area; or within the coastal zone. In addition, the off-site project must demonstrate land control and the ability to achieve the number of affordable units prior to the building permit issuance for the market rate project and must demonstrate that the affordable units are fully funded prior to a certificate of occupancy being awarded.

³⁰ The City is required to spend a minimum of 50% of these funds on development and preservation projects serving lower-income households within a half mile of the South of Laurel area, within the boundaries of the Downtown Plan, or inside the coastal zone.

final project.³¹ In other words, the DDB is intended to provide a greater number of affordable units, with more than 20% of the total new housing at below-market costs (whereas State DBL only provides 20% of the base project and not the total number of units) and a greater depth of affordability for moderate-, low-, and very-low income households. Projects that elect to pursue the off-site option are required to create more housing units that would have been required in the on-site option; similarly, the in-lieu fee option can be utilized in a number of ways to address affordable housing stock in the City (i.e., creation of new units, upkeep of existing units, stabilizing existing tenants, etc.).

Through the DDB the City hopes to encourage a greater number and greater percentage of housing units that are restricted below the market rate threshold than would otherwise be created by projects using State DBL, while also fostering a building height throughout the SOLA district that is consistent with the City's vision. As part of maintaining public coastal views as well as a visually cohesive experience within the SOLA district, LCP policies and standards related to community character, public views, and quality design would continue to apply and would be implemented by an architectural review committee and the City Planning Commission. The proposed amendment retains flexibility for developers to pursue regular City inclusionary requirements, State DBL, or City DDB. In all such cases, the project would be required to be in conformance with all applicable LCP policies and standards and avoid significant adverse coastal resource impacts.

All in all, the new proposed DDB represents an exciting opportunity to accommodate a range of housing, and particularly a range of housing below market rates, in a way that facilitates these projects differently than State DBL. While untested, the City has spent a great deal of time, energy, and resources studying the question, including reaching out and coordinating with the development community (including lessons learned in relation to the large number of already entitled projects in the downtown area, many of which were entitled via State DBL). Extensive outreach and collaboration culminated in the proposed DDB with specific thresholds to incentivize City objectives for the SOLA. The DDB thus represents another land use planning tool for the City that, if successful, could be more broadly applied in the coastal zone and elsewhere statewide.

The proposed LCP amendment including notably the DDB component demonstrates that the City of Santa Cruz is taking its infill development obligations seriously, especially as it relates to housing, where the City indicates that it intends to provide for more housing in the newly expanded downtown area and elsewhere in the City, including as part of its State-mandated Regional Housing Needs Allocation (RHNA) targets for the 2024-2031 Housing Element Cycle.³² In fact, the City has frequently prioritized housing both inside and outside the coastal zone, and the proposed amendment should be understood as adding another tool for the City's ability to meet its

³¹ According to City staff (and in consultation with both economists and developers), options 1, 2, and 3 (i.e., on-site, off-site, and in-lieu fee, respectively) are most enticing to developers in that order (i.e., with option 1 being the most enticing and option 3 being the least enticing), and thus the DDB is intended to result in actual constructed units at a range of affordability levels.

³² Again, which are about 3,800 total units by 2031.

housing obligations, particularly within its coastal zone as the portion of SOLA being moved into the Downtown Plan is entirely within the coastal zone. Doing so helps to address the City's and Commission's housing – and especially affordable housing – goals.

Public Views

The IP amendment also increases the maximum allowable building heights in the portion of the SOLA district being added to the Downtown Plan (see **Exhibit 2**). Currently allowable heights in those areas range from 30 to 48 feet, and the proposed new maximums range from 50 to 85 feet.³³ Importantly and as stated above, the proposed DDB caps the maximum allowable height in SOLA at 85 feet; Option A allows up to an additional 75% FAR on top of the base FAR and up to an additional 75% in height (up to a maximum of 85 feet in total height), meanwhile Option B maintains the height limits (either 50, 70, or 85 feet) in exchange for unlimited FAR (see page 71 of Exhibit 2). In other words, the DDB allows for potential minor increases in height, but sets an absolute maximum of 85 feet. The proposed heights (inclusive of the proposed DDB) are thus compatible with building heights already allowed in the existing downtown core where a number of projects extend to 85 feet in height. The proposed amendment also includes standards related to upper-level tapering, massing, building materials, facade colors and features, building character, and provide enforceable standards to ensure that new development will be consistent with adjacent uses and community character, as required by LUP Community Design Element Policies 1.1.2, 2.2, 2.2.1, and 3.4. While these changes are indeed a change to the viewscape within and between the SOLA district and other areas, the impacts of the proposed changes are likely to be negligible, particularly as it relates to scenic resources.

On this point, views to the south and to the ocean are blocked by the Beach Hill neighborhood and thus views to the ocean would not be impacted by the proposed height limits. Similarly, views of the Riverwalk are limited, though they are slowly being enhanced as a product of the 2018 and 2023 amendments to the Downtown Plan, which require increased public connections between developments (which serve to increase public access and also visual access to/from the downtown and Riverwalk). The proposed IP amendment would extend this public/visual access enhancement requirement and build upon it. Specifically, the proposed IP amendment provides for such passageways between Front Street and the Riverwalk by requiring new development to contribute to improving public access (either financially, such as through an extra tax on the property, or physically, such as through the construction of new public passageways).

In sum, while the proposed amendment does change the maximum height allowances in the area, it does not exceed those already provided for in the downtown area and provides new built-in design requirements to ensure developments are visually compatible with the surrounding area along with physical/visual connections to the river.

Habitat and Water Quality

³³ The 50 to 85 foot maximum represents the IP base height exclusive of any additional height that may be authorized pursuant to State DBL.

The proposed amendments are also consistent with and adequate to carry out the LUP's ESHA and water quality resource protection provisions, primarily LUP Environmental Quality Policies 2.3 and 4.2.5 that protect water quality and bird, fish, and wildlife habitat near waterways. The Downtown Plan currently includes provisions to ensure new development is compatible with the San Lorenzo River and Riverwalk recreation areas, including criteria for bird-safe development (e.g., avoiding large reflective areas of glass, utilizing glass/window treatments, avoiding up-lighting and spotlights, etc.). The proposed amendment adds standards to outdoor lighting along the Riverwalk (i.e., guidelines to protect the riparian environment, such as shielding lighting, maintaining low intensity, and ensuring acceptable color temperatures)³⁴ and related to ensuring new development comply with floodplain standards. The tenets of both policies are required elsewhere in the LCP,³⁵ but were previously not specifically called out in the Downtown Plan.

In general, the proposed IP amendment improves upon the resource protection provisions already contained in the LCP by improving and reiterating lighting and floodplain requirements, thus further ensuring new development will not degrade the adjacent river habitat.

Conclusion

In sum, while the proposed amendment will undoubtedly change the South of Laurel area moving into the future, the proposed Downtown Plan Expansion aligns with the goals and policies of the LCP and Coastal Act, and is fundamentally centered on intensifying/densifying development in an area able to accommodate it to help achieve other City goals related to public access and recreation enhancements, improved transportation and circulation, increased economic vitality, and a mix of new and affordable housing. As detailed above, the proposed IP amendment adequately implements the LUP provisions related to land use intensification in the City's downtown core, promoting public access to natural areas and the coast, enhancing pedestrian and bicycle connectivity, and creating positive pedestrian experiences. The proposed amendment will permit development that alters the SOLA viewscape, but other components of the LCP will ensure visual consistency between new development and adjacent uses and mitigate significant aesthetic impacts. And the amendment ensures new development is compatible with the San Lorenzo River and Riverwalk through specific design requirements.

Thus, the proposed changes appropriately implement the LUP and would not result in significant coastal resource impacts, and in fact should result in increased public benefits in terms of activation, revitalization, and visitor-serving amenities. The Commission thus finds that the proposed amendment consistent with and adequate to carry out the provisions of the LUP.

³⁴ The City also adopted an accompanying document (Appendix 8: South of Laurel Area), which will live outside the LCP but will nevertheless include requirements relates to lighting, especially as it relates to the envisioned event center and adjacent San Lorenzo River habitat areas, thereby helping to ensure a dark sky for the adjacent sensitive resource areas.

³⁵ See IP Section 24.10.2000 (F-P Floodplain District).

E. California Environmental Quality Act (CEQA)

CEQA Section 21080.5(d)(2)(A) prohibits a proposed LCP or LCP amendment from being approved if there are feasible alternatives and/or feasible mitigation measures available that would substantially lessen any significant adverse effect that the LCP or LCP amendment may have on the environment. Although local governments are not required to satisfy CEQA in terms of local preparation and adoption of LCPs and LCP amendments, many local governments use the CEQA process to develop information about proposed LCPs and LCP amendments, including to help facilitate Coastal Act review. Here, the City of Santa Cruz prepared an EIR (State Clearinghouse Number 2022090276) for the proposed amendment, which was adopted by the City Council on May 13, 2025, and found that the analysis was completed in compliance with CEQA, State CEQA Guidelines, and all relevant local procedures.

The Coastal Commission is not exempt from satisfying CEQA requirements with respect to LCPs and LCP amendments, but the Commission's LCP/LCP amendment review, approval, and certification process has been certified by the Secretary of the Natural Resources Agency as being the functional equivalent of the environmental review required by CEQA (CCR Section 15251(f)). Accordingly, in fulfilling that review, this report has discussed the relevant coastal resource issues with the proposal, has addressed all comments received, and has concluded that approval of the proposed LCP amendment is not expected to result in any significant environmental effects, including as those terms are understood in CEQA.

Accordingly, it is unnecessary for the Commission to suggest modifications (including alternatives and/or mitigation measures) as there are no significant adverse environmental effects that approval of the proposed amendment would necessitate. Thus, the proposed amendment will not result in any significant adverse environmental effects for which feasible mitigation measures have not been employed, consistent with CEQA Section 21080.5(d)(2)(A).

3. APPENDICES

A. Substantive File Documents³⁶

- City of Santa Cruz LCP
- Downtown Plan Expansion Final EIR (State Clearinghouse Number 2022090276)
- File for LCP-3-STC-25-0023-1-Part A (Downtown Expansion Plan) including City of Santa Cruz Planning Commission and City Council staff reports
- Appendix 8: South of Laurel Area

B. Staff Contacts with Agencies and Groups

- City of Santa Cruz Planning and Community Development Department
- Legislative Analyst Office

³⁶ These documents are available for review from the Commission's Central Coast District office.

