



Downtown Lincoln Code Barriers to Housing Supply and Affordability

Prepared for the City of Lincoln

January 5, 2023



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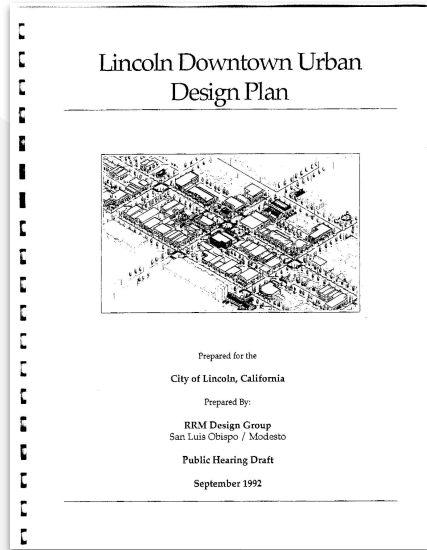
SUMMARY OF FINDINGS

03

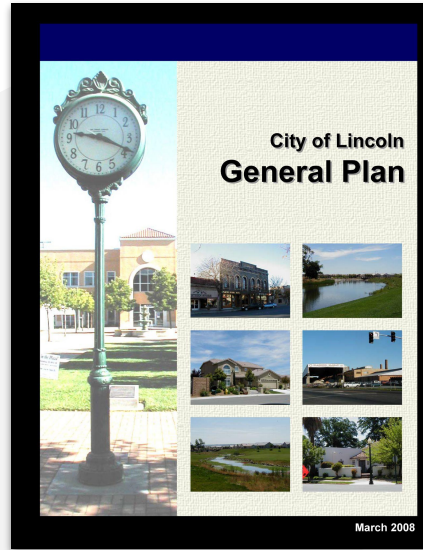
1. POLICY ASSESSMENT



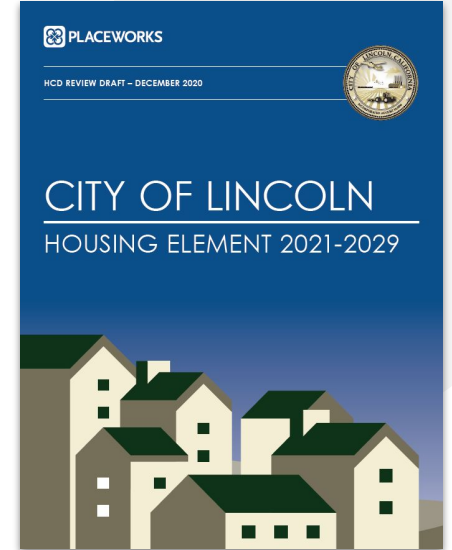
DOWNTOWN LINCOLN GOALS & POLICIES



**Downtown Urban
Design Plan (1992)**



**General Plan 2050
(2008)**

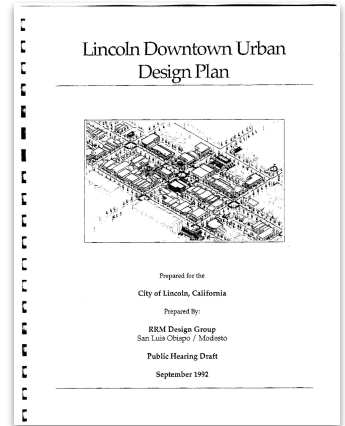


**Draft Housing Element
(2021 - 2029)**

Downtown Urban Design Plan (1992)

Goals & Objectives

“Downtown will function as the City’s core, an employment center, and a residential neighborhood with retail commercial activities focused on convenience shopping needs of surrounding neighborhoods.”



Strengthen commercial core

“Strengthening the existing retail and commercial areas”

“Encourage 1st floor retail and restaurants.”

“Provide night-time activity, entertainment, food, theaters”

Encourage mixed-use & housing development

“Encourage mixed use throughout downtown districts where appropriate and feasible.”

“Concentrate multi-family/mixed-use development in and close to downtown”

“Provide housing within close proximity to downtown”

Design walkable & safe spaces

“Provide a system of pedestrian places/spaces”

“Minimize auto use by providing walking opportunities from downtown residences”

Downtown Urban Design Plan (1992)

Policies

Land use policies encourage mixed-use development and high density multi-family housing in the Downtown.

Streamlined approval processes have a significant impact on a developer's decision to pursue a project.

4.5. LAND USE POLICIES

The following are recommended policies for the downtown area.

- Encourage mixed-use and multi-story development within the Downtown. If necessary, use of the Planned Development (PD) overlay zone should be considered to enhance flexibility.
- Allow for streamlined approval procedures for projects in conformance with the Downtown Urban Design Plan.
- Encourage city administrative offices to return to the downtown.
- Support the development of a Gladding McBean Visitors Center in the downtown.
- Support the development of a new library facility at a downtown location.
- Support the development of high density multi-family development within the Downtown.
- Support the development of a Downtown Transit Center on Highway 65.

General Plan 2050 Policies

Economic Development & Land Use policies encourage mixed use development and infill housing projects to compliment Downtown's commercial focus.

Economic Development Policies

Policy ED-6.4 - Infill and Replacement Housing in Downtown

The City and/or its Redevelopment Agency will promote housing opportunities in the downtown through infill projects and replacement housing.

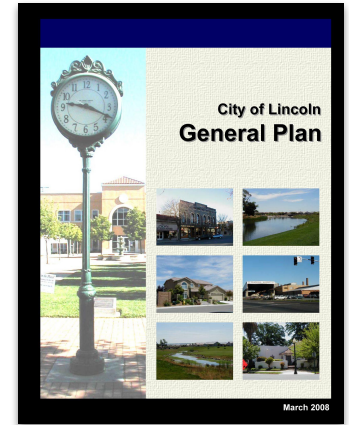
Land Use Policies

Policy LU-1.1 - Mixed Use Development

The City shall promote efficient use of larger vacant parcels and vacant areas of the city by encouraging mixed use development.

Policy LU-1.5 - Infill Development

The City shall pursue the development of vacant infill parcels in and around the Downtown area.



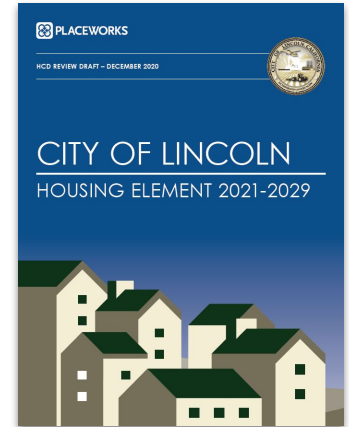
Housing Element Actions

The Housing Element includes actions that look to facilitate housing development to help increase housing supply and encourage higher density and mixed use development.

Action 2.5 “Facilitate the development of market rate rental housing through regulatory incentives, such as expediting permit processing, deferred fees, and/or reduced parking requirements based on the bedroom mix of the project.”

Action 2.12 “The City will consider increasing the maximum density in the High-Density Residential (HDR) designation and R-3 Zoning District from 20 units per acre to 30 units per acre. This density is consistent with the state’s recommended default density for the development of affordable housing.”

Action 3.2 “Utilize its mixed-use land use designation to limit trips between commercial and residential land uses. The mixed-use land use category provides for creative infill projects that include the functional integration of retail or service commercial, professional office, or recreational uses with residential units. This category allows for both vertical (different uses stacked above one another) and horizontal (different ground-level uses on a single parcel) mixed-use opportunities.

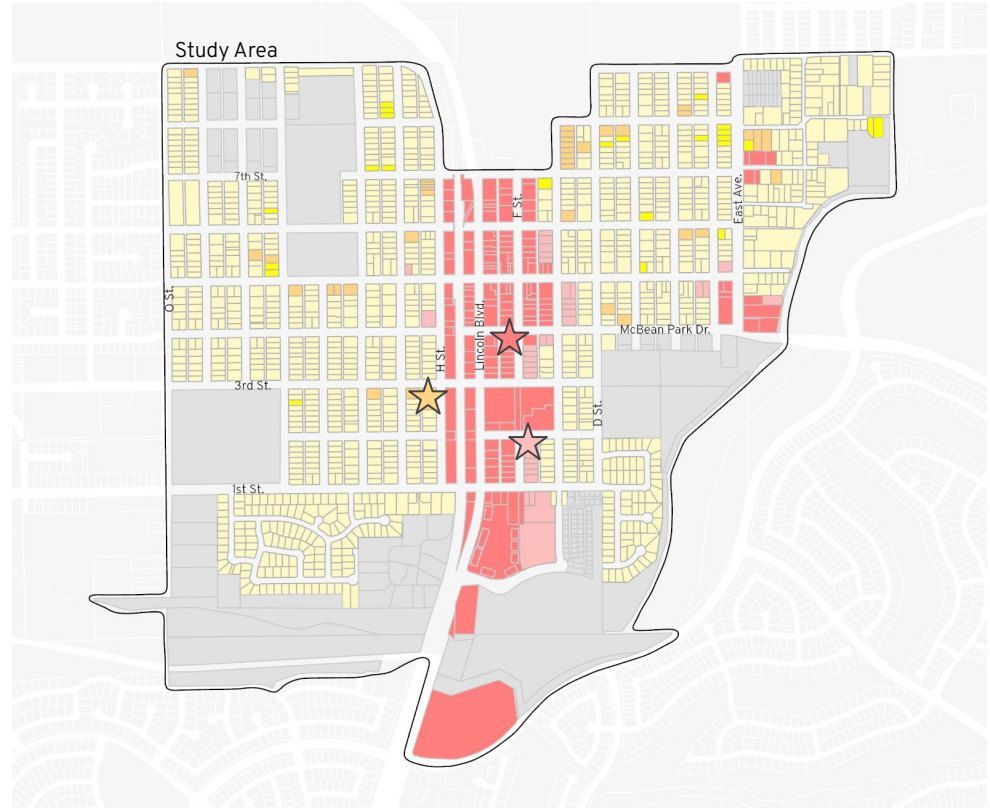


2. OVERVIEW OF STUDIED ZONES & PROTOTYPE RESULTS



Downtown Study Area

- ★ **C** Commercial District
- ★ **BP** Business & Professional District
- ★ **R-3** Multiple Residential District
- R-2** Duplex Residential District
- R-1** Single-Family Residential District



★ Opportunity Site

Downtown Study Area

Zone	Number of Lots	% Share of Lots	Total Acres	% Share of Acres
C	179	11%	62	13%
BP	35	2%	11	2%
R3	40	3%	9	2%
R2	24	2%	4	1%
R1	1,149	72%	214	43%
Other	168	10%	195	39%
TOTAL	1595	100%	495	100%

C ZONE

Commercial District

General Plan Designation:

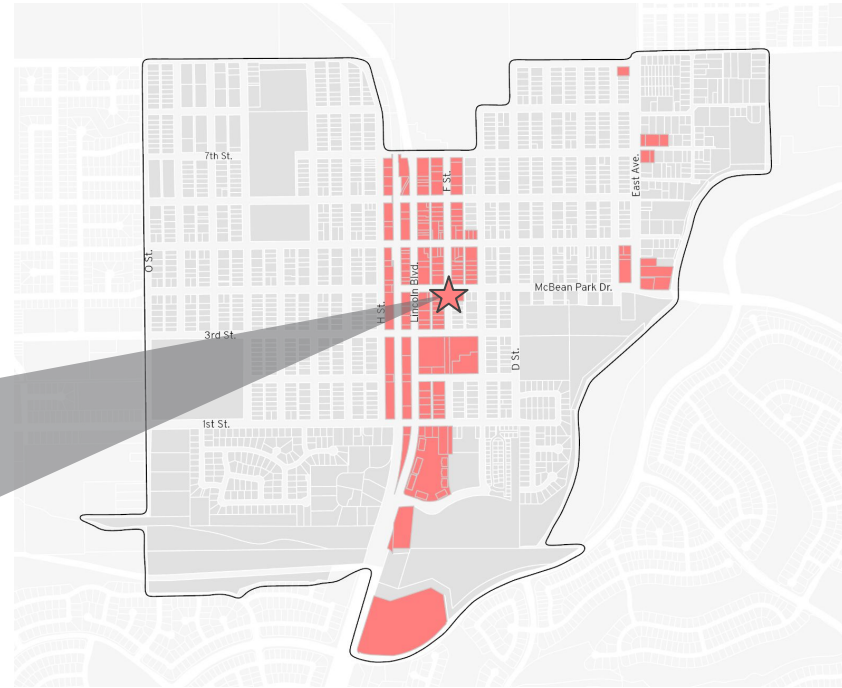
Mixed Use (MU)

The purpose of this designation is to provide for a mixed use commercial core that is applicable to the City's Downtown and for the Village Center areas. This land use category provides for creative infill projects that include the functional integration of retail or service commercial, professional office, or recreational uses with residential units. This category allows for both vertical (different uses stacked above one another) and horizontal (different ground level uses on a single parcel) mixed use opportunities.



C ZONE

Housing Type	Lot Size	Site Type
Mixed Use Residential	9,500 SF	Opportunity



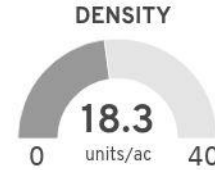
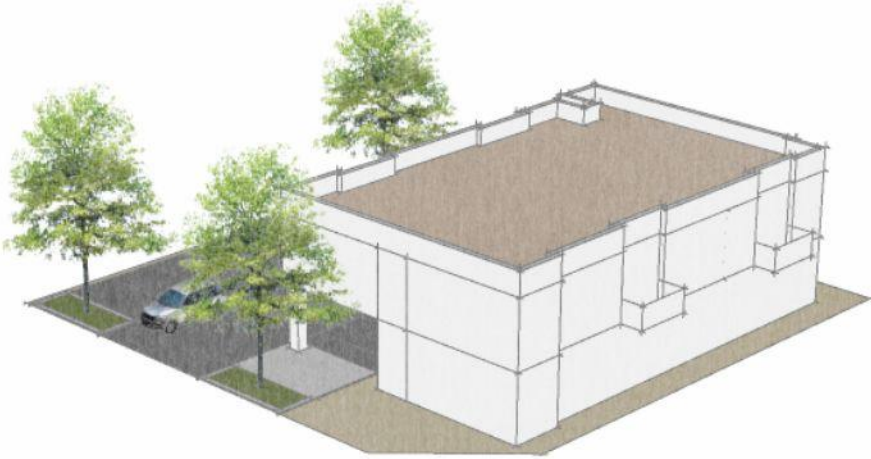
C

Mixed Use Residential | Existing Code

4 DWELLING UNITS

1,250 SF OF RETAIL

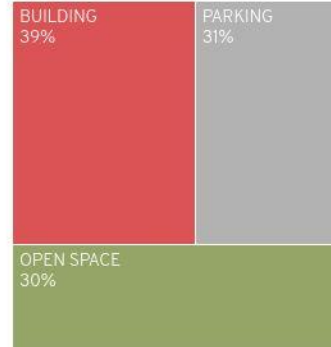
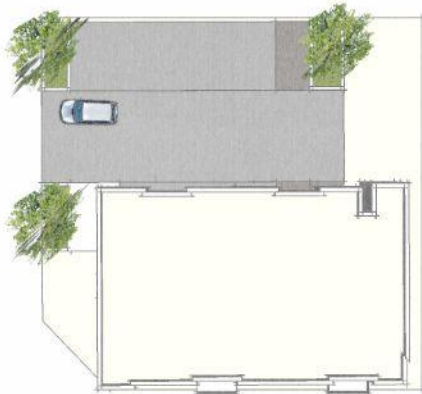
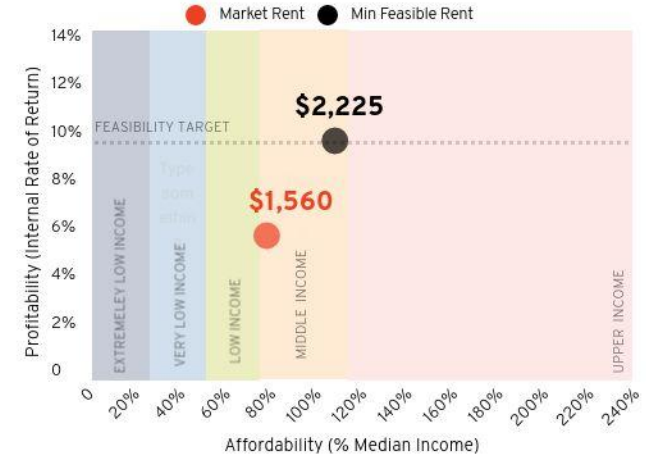
13 PARKING SPACES



FLOOR AREA RATIO



UNIT SIZE



This development does not meet financial feasibility targets given today's market rents for smaller apartment units and retail spaces.

C

Mixed Use Residential | Existing Code

Development Standards

Minimum Lot Size	✓
Minimum Lot Width/Frontage	✓
Minimum Setbacks	✓
Minimum Parking Requirements	✗
Maximum Coverage	⚠
Maximum Height	⚠
Limit on Residential Uses	✗

General Plan

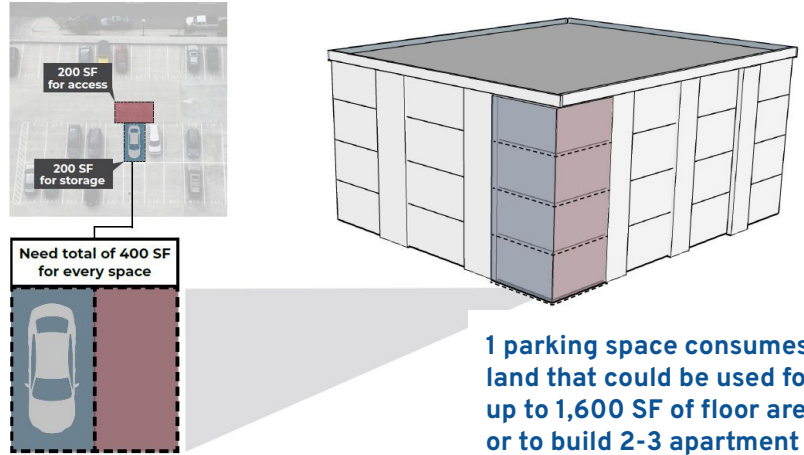
Residential Density Ranges	✗
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✗ Major Barrier
 ⚠ Minor Barrier
 ✓ Not a Barrier

✗ Major Barriers to mixed use development:

Parking: Requiring 2 spaces / unit for multifamily housing and 4 space for 1,000 SF of retail severely limits the number of units you can build on one lot and hinders the financial feasibility of mixed use development. In addition, requiring covered parking adds to construction costs.

Example: How parking limits development
















C

Mixed Use Residential | Existing Code

Major Barriers (continued):

Limited on Residential Uses: Residential development requires a conditional use permit, adding a costly and unpredictable hurdle to multifamily and mixed use development in the Downtown area.

Housing Type

Single-Family Detached			Permitted
Accessory Dwelling Unit			Conditional
Townhouses			Limited
Condominiums			Prohibited
Duplex			
Triplex (3 units)			
Multifamily (4+ units)			
Mixed Use			
Cottage Cluster Housing			

Major Barriers (continued):

Density: 13 - 20 units per gross acre only allows up to 4 units on opportunity site. Development is not dense enough to support mixed use development. As a result of density limits, building is only two stories high.

Minor Barriers:

Maximum coverage and height standards will become major barriers with higher density mixed-use development

Best Practice: 3-4 story mixed use apartments

An alternative scenario will primarily test the following code changes to encourage main street mixed use development in C:

- Permitted uses
- Parking ratios
- Density maximum



BP ZONE

Business & Professional District

General Plan Designation:

Business & Professional

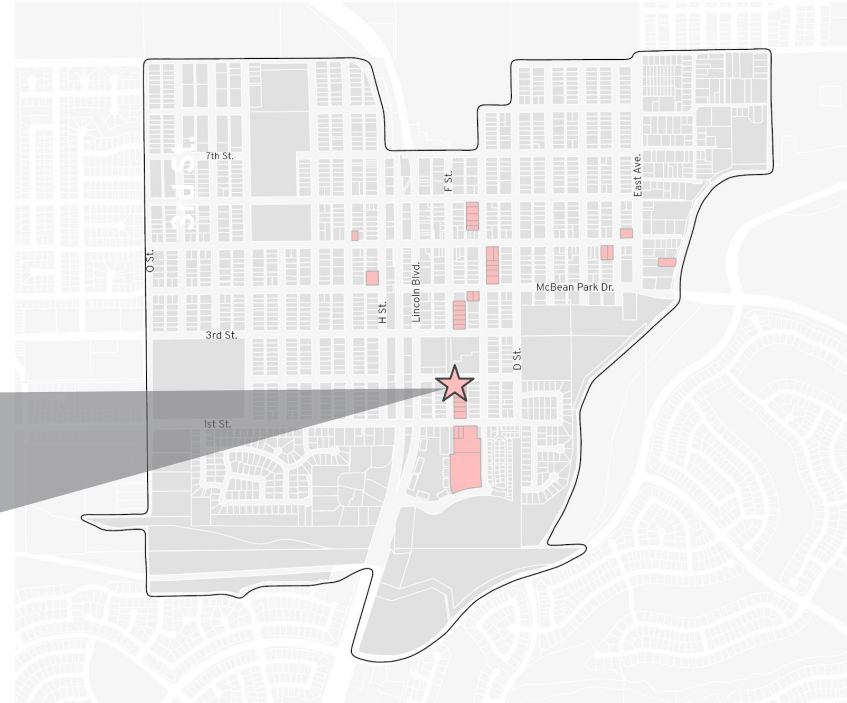
The purpose of this designation is to provide areas for professional and administrative services and offices. Uses permitted under this designation generally include: medical offices and clinics; law firms; accountant offices; insurance, real estate, and financial; governmental offices; social services; and non-profit organizations. Retail commercial activities that complement or are accessory to the primary uses of the designation are also appropriate.

While BP is intended for small office uses (no mention of residential), more than 50% of lots zoned BP in the study area are single family homes.

Does this zone support policy objectives for the Downtown area?

BP ZONE

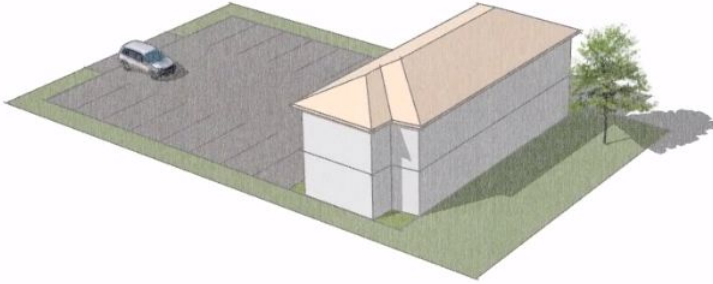
Housing Type	Lot Size	Site Type
Office	9,500 SF	Opportunity



BP ZONE

Small Office Building

BP Office Development



Zone Standard	BP Office Development
Stories	2
Building Size	2,500 Net SF
FAR	0.31
Off-Street Parking	16
Units	0
Permitted Uses	Prioritizes Small Office & Services
Avg. Market Rent	\$22/SF/Year
Return Rate at Market Rents	8.5% IRR (Target is 10%)

This development does not meet financial feasibility targets nor is it an efficient use of land.

BP ZONE

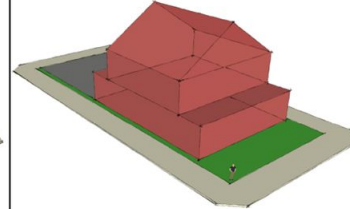
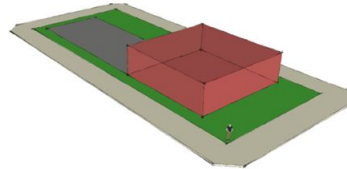
Small Office Building



Existing vs Proposed

Building A: Building Allowed Under Existing Zoning
Building: 1-story Retail or Office

Building B: Building Allowed Under Recommended Standards
Building: 2.5-story Mixed Retail and Residential



Zone Standard	Building A	Building B	% Change
Lot Size (Sq Ft)	6,250	6,250	-
Stories Height Max	1 35 ft	2.5 35 ft	+%
Building Size (Sq Ft)	1,278	4,900	+283%
FAR	0.20	0.78	+290%
Off-street Parking	5	5	-
Units	<i>Multifamily is not a Permitted Use</i>	4	+∞%
Avg. Unit Size (Sq Ft)	0	650	+∞%
Density (DU/Acre)	0	27	+∞%
Permitted Uses & Rents	Oriented towards small office and service	Expand to include: bars, breweries, multifamily, and bed and breakfasts	
Return Rate @ Market Rents	-2.5%	6.2%	

Current landscaping and parking standards make multistory buildings impractical.

Reducing parking standards allows 3 times the building area with same parking stalls.







Permit multifamily to activate district.

Allow uses that can pay higher rents and help enliven the B-1 district.


Major improvement in financial feasibility.

10% Return Rate is Target

Development Standards

Minimum Lot Size	
Minimum Lot Width/Frontage	
Minimum Setbacks	
Minimum Parking Requirements	
Maximum Coverage	
Maximum Height	
Limit on Residential Uses	

General Plan

Residential Density Ranges	
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Major Barrier



Minor Barrier



Not a Barrier

 Major Barriers to mixed use:

Limited on Residential Uses: With the exception of single family housing as a conditional use, residential uses are prohibited from BP. This limitation is the biggest barrier to mixed use development on BP zoned lots.

Parking: Existing parking requirements for office are very high and consume a lot of land (over 50% of opportunity site) and cannot accommodate for additional uses on site.



Minor Barriers:

All minor barriers can become major barriers if BP allows for mixed use residential development.

Best Practice: Neighborhood scale mixed-use

An alternative scenario will primarily test the following code changes to encourage neighborhood scale mixed use development in BP, mixing office and commercial uses with residential use:

- Permitted uses
- Parking ratios
- Density maximum



R-3 ZONE

Multiple Residential District

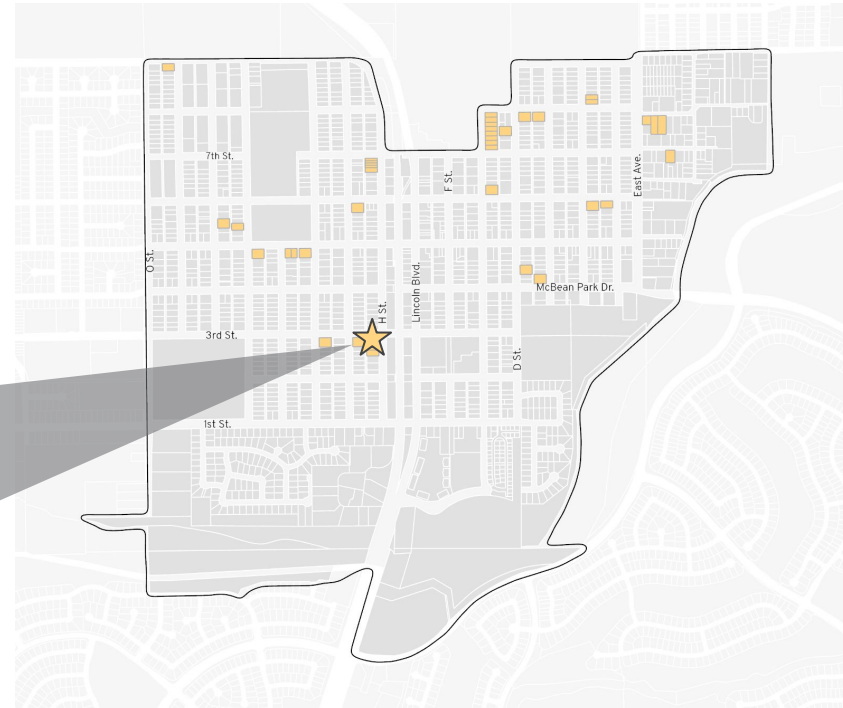
General Plan Designation: **High Density Residential (HDR)**

The purpose of this designation is to allow for multifamily housing at densities greater than other residential designations. This designation is intended to allow for those structural forms that promote moderate and higher density living styles. This designation provides for condominiums, townhouses, triplexes, fourplexes, multi-family residential units, group quarters, and similar and compatible uses. Residential densities shall be in the range of 13.0 to 20.0 units per gross acre.

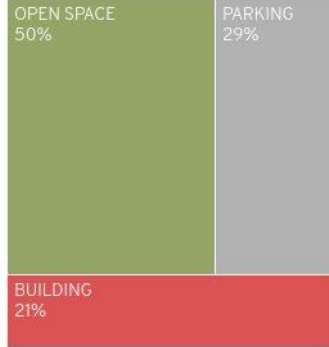
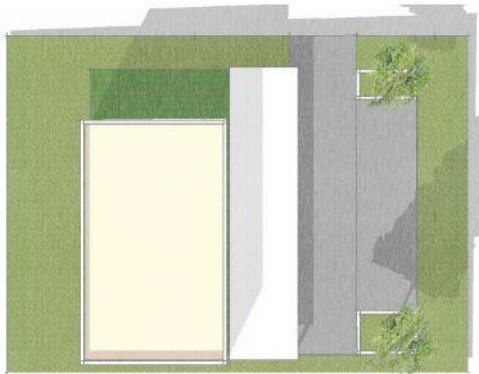
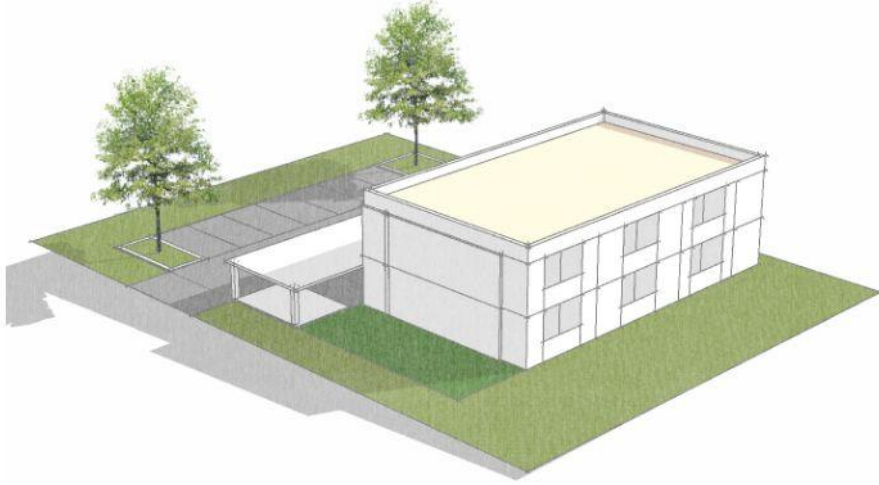


R-3 ZONE

Housing Type	Lot Size	Site Type
Multi-Family	13,000 SF	Opportunity



R-3 Multifamily | Existing Code



DWELLING UNITS



12

PARKING SPACES

DENSITY



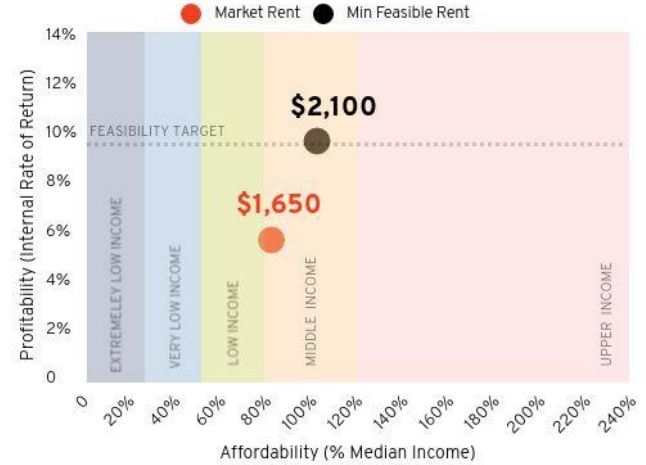
PARKING RATIO



FLOOR AREA RATIO



UNIT SIZE



This development is not financially feasible given today's market rents for apartment units.

R-3 Multifamily | Existing Code

Development Standards

Minimum Lot Size	✘
Minimum Lot Width/Frontage	⚠
Minimum Setbacks	✘
Minimum Parking Requirements	✘
Maximum Coverage	⚠
Maximum Height	⚠
Limit on Residential Uses	N/A

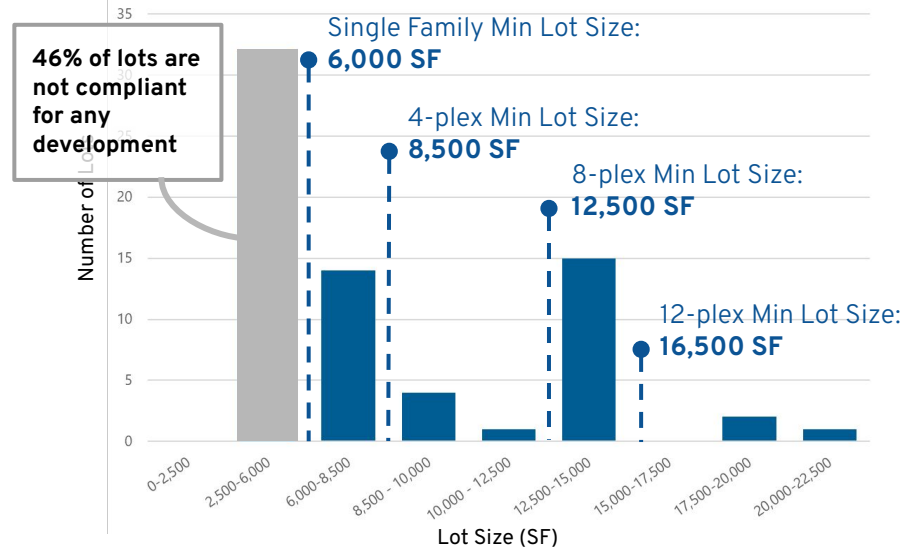
General Plan

Residential Density Ranges	✘
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✘ Major Barrier
 ⚠ Minor Barrier
 ✓ Not a Barrier

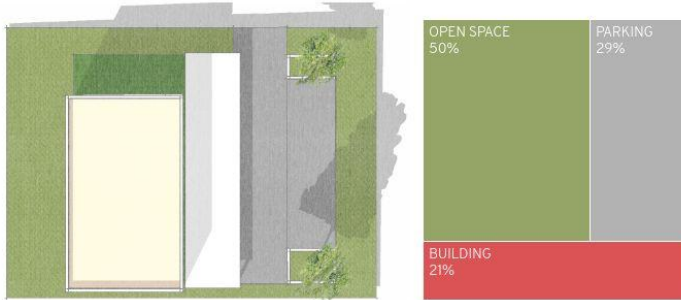
✘ Major Barriers to multifamily housing:

Lot Size: 67% of lots zoned R3 in the study area do not meet minimum lot size requirements for a fourplex, that share increases with every additional unit. As a result, a developer would need to consider lot assembly, which is a very costly and time consuming process, making it less financially feasible to build multifamily housing on R3.



✘ Major Barriers (continued):

Setbacks: Approximately half of a lot's total area in R3 is unbuildable due to large setbacks, severely limiting the site's development potential for multifamily.



- *Front setback: 25 ft*
- *Rear setback: 15 ft*
- *Side setback: 5 ft or 10 ft for corner lot*

✘ Major Barriers (continued):

Parking: Requiring 2 spaces / unit for multifamily housing severely limits the number of units you can build on one lot, hindering the financial feasibility of development, especially given setback restrictions. Requiring covered parking adds to construction costs.

Density: 13 - 20 units per gross acre only allows up to 5-6 units on opportunity site. Development is not dense enough for multifamily rental housing to be financially feasible.

! Minor Barriers:

- * Minimum lot width standards will become a bigger barrier if minimum lot size requirements are reduced.
- * Maximum coverage and maximum height may become a bigger barrier with higher density residential development.

Best Practice: Infill Multifamily (up to 12-plex)

An alternative scenario will primarily test the following code changes to encourage medium multifamily buildings in R3:

- Minimum Lot Sizes
- Minimum Lot Width
- Reduce setbacks
- Reduce parking ratios and change covered parking requirements
- Increase Density maximum



R-2 ZONE

Duplex Residential District

General Plan Designation: Medium Density Residential

The purpose of this designation is to provide areas for a variety of moderate intensity single family uses including detached and attached single family housing, mobile home parks, and cluster developments. This designation is applied in areas of predominantly single family character where a greater diversity of housing type is intended.

General Plan and zoning code do not align

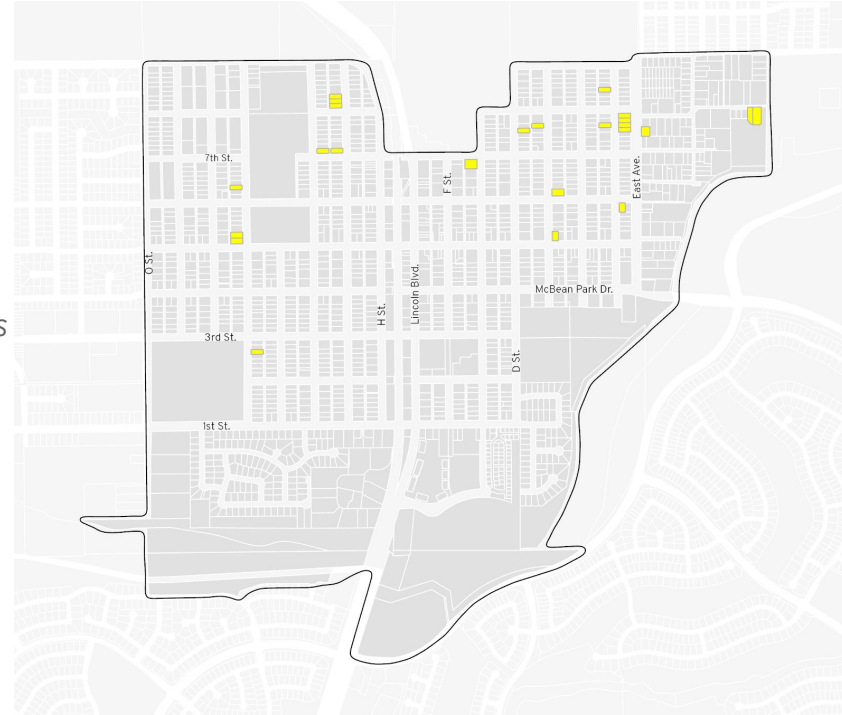
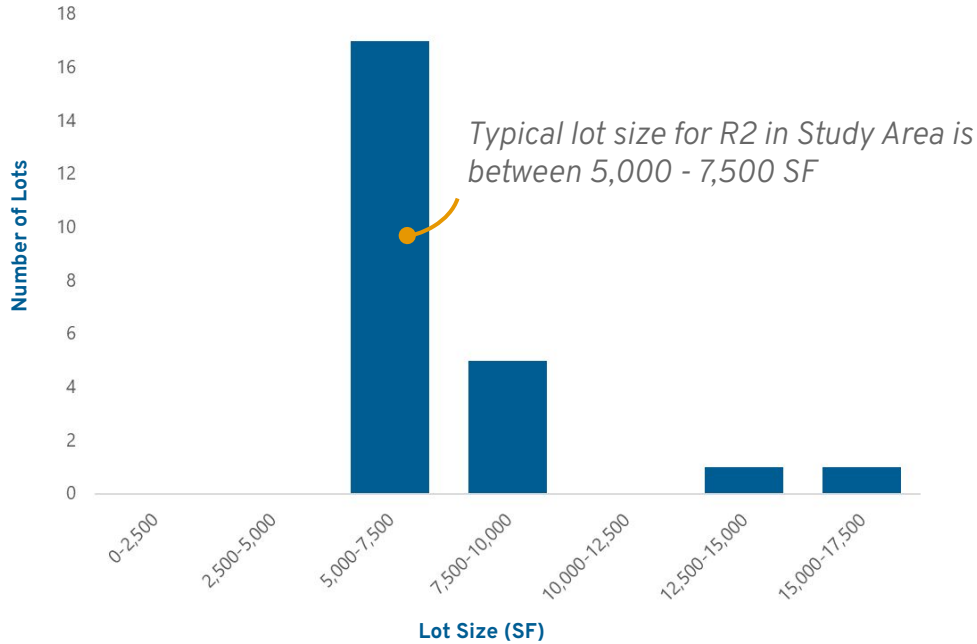
The designation purpose is not clearly aligned with what is permitted in R-2.

	R-2
	Duplex Residential District
Housing Type	
Single-Family Detached	●
Accessory Dwelling Unit	●
Townhouses	○
Condominiums	○
Duplex	●
Triplex (3 units)	●
Multifamily (4+ units)	○
Mixed Use	○
Cottage Cluster Housing	○

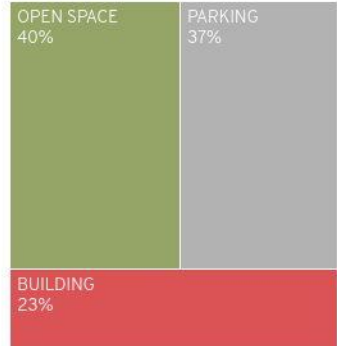
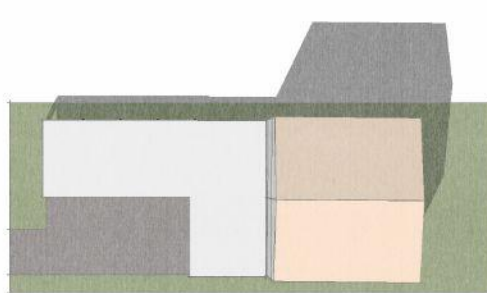
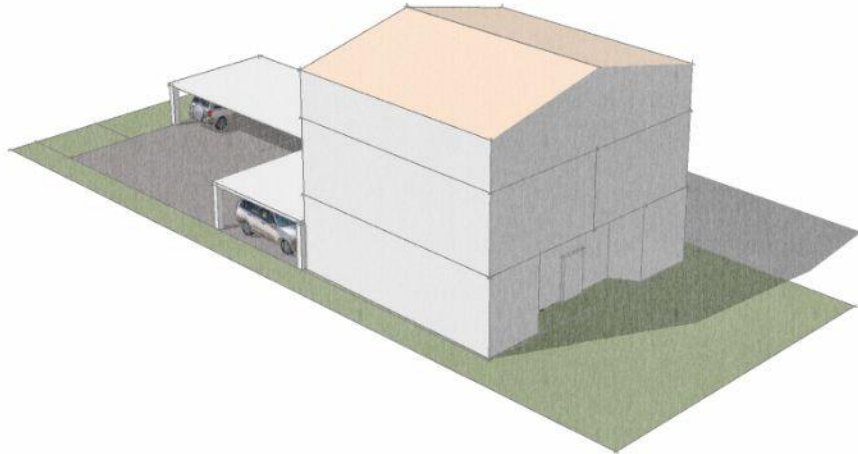
●	Permitted
◐	Conditional
◑	Limited
○	Prohibited

R-2 ZONE

Housing Type	Lot Size	Site Type
Triplex	6,500 SF	Prototypical

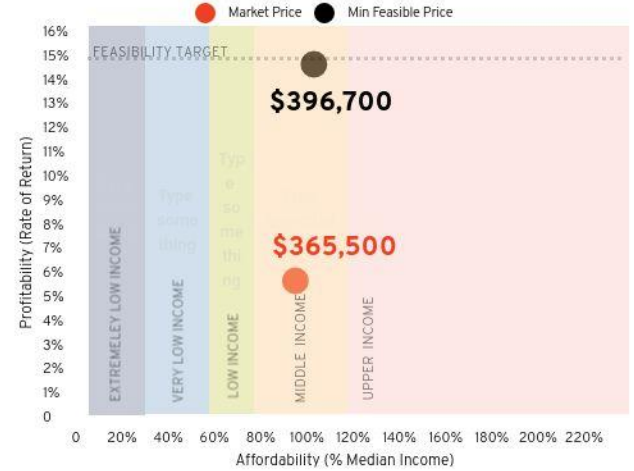
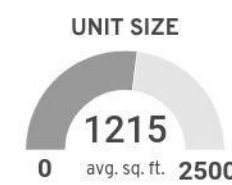
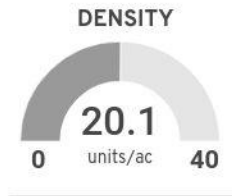


R-2 Triplex | Existing Code



3 DWELLING UNITS

6 PARKING SPACES



This development does not reach financial targets assuming today's market prices for a triplex unit.

Development Standards

Minimum Lot Size	✘
Minimum Lot Width/Frontage	✓
Minimum Setbacks	⚠
Minimum Parking Requirements	⚠
Maximum Coverage	✓
Maximum Height	✓
Limit on Residential Uses	N/A

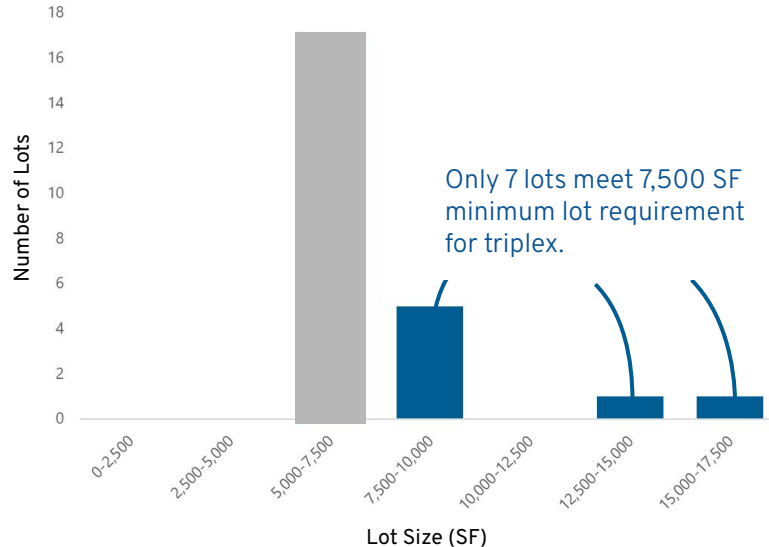
General Plan

Residential Density Ranges	✘
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✘	Major Barrier	⚠	Minor Barrier	✓	Not a Barrier
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✘ Major Barriers to triplex housing:


Lot Size: 70% of lots zoned R2 in the study area do not meet minimum lot size requirements for a triplex. As a result, a developer would need to consider lot assembly, which is a very costly and time consuming process, making it less financially feasible to build a triplex on lots zoned R2.



Development Standards

Minimum Lot Size	
Minimum Lot Width/Frontage	
Minimum Setbacks	
Minimum Parking Requirements	
Maximum Coverage	
Maximum Height	
Limit on Residential Uses	N/A

General Plan

Residential Density Ranges	
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Major Barrier



Minor Barrier



Not a Barrier

 Major Barriers (continued):

Density: 6 - 12.9 units per gross acre equated to just under 2 units on a typical lot size in R2.



Minor Barriers:

* Setbacks and parking minimums leave barely enough space to fit a triplex building.

Best Practice: Triplex, Fourplex and/or Townhouses

Alternative scenarios will primarily test the following code changes to encourage triplexes or townhomes in R2:

- Permitted uses to allow townhouses and condominiums
- Reduce minimum lot sizes
- Reduce setbacks
- Reduce parking ratios and change covered parking requirements
- Increase Density maximum



R-1 ZONE

Single-Family Residential District

General Plan Designation:

Low Density Residential

The purpose of this designation is to provide areas for single family detached residential uses and activities normally associated with single family neighborhoods. Where found appropriate, innovative single family design alternatives are encouraged. This designation provides for single family detached and attached homes, secondary residential units, public and quasi-public uses, and similar and compatible uses.

R1 zoned lots in the study area are largely built out, offering few new development opportunities. Fortunately, allowances from Senate Bill 9 can offer a new source of additional housing supply in this low density zone.

R-1 ZONE

Single-Family Residential District

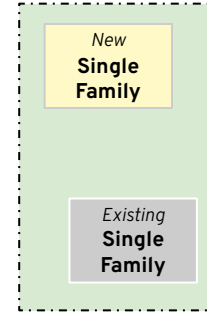
Senate Bill 9 also known as ‘The California HOME Act’ or ‘SB9’ streamlines the process for a homeowner or landowner to create a duplex or subdivide an existing lot (split parcel). SB9 can allow up to 4 units on a single family zoned lot.

SB9 requires that local jurisdictions:

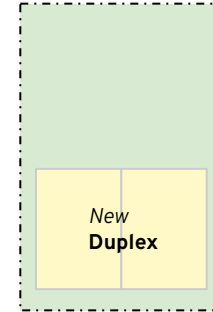
- Allow at most two primary units on a whole parcel or on each split parcel
- Allow detached and attached unit types
- Allow minimum primary units of at least 800 SF
- Require no more than 4ft for rear and side setbacks
- Change local regulations that will likely preclude a lot split or duplex

Some examples of SB9 scenarios

Whole Parcel

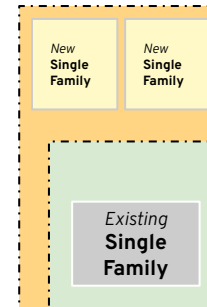


Developed Lot
(2 units)

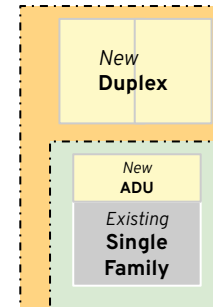


Vacant Lot
(2 units)

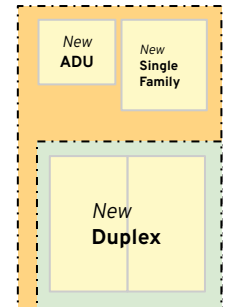
Split Parcel



Developed Lot
(4 units)



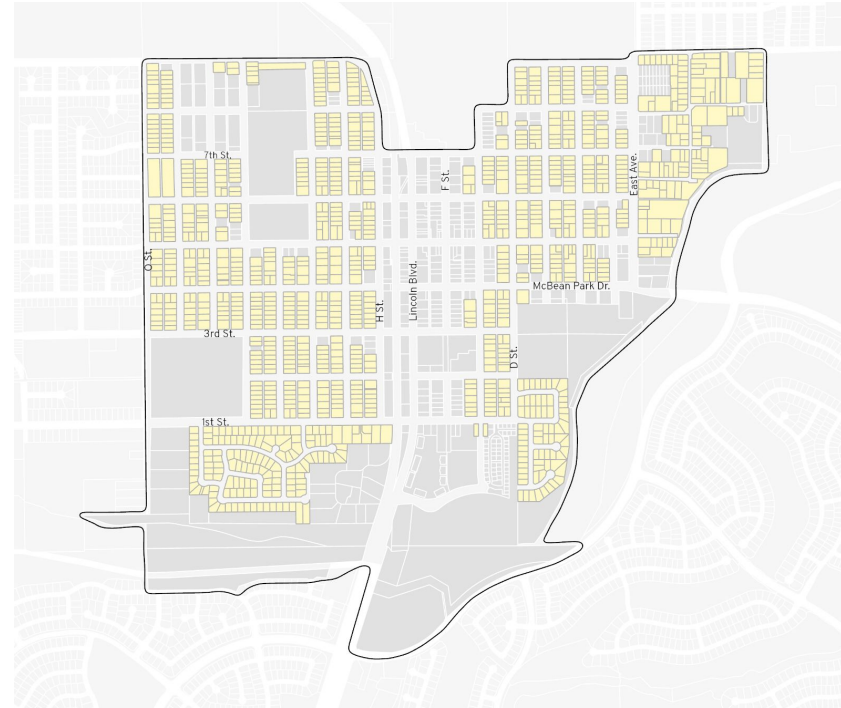
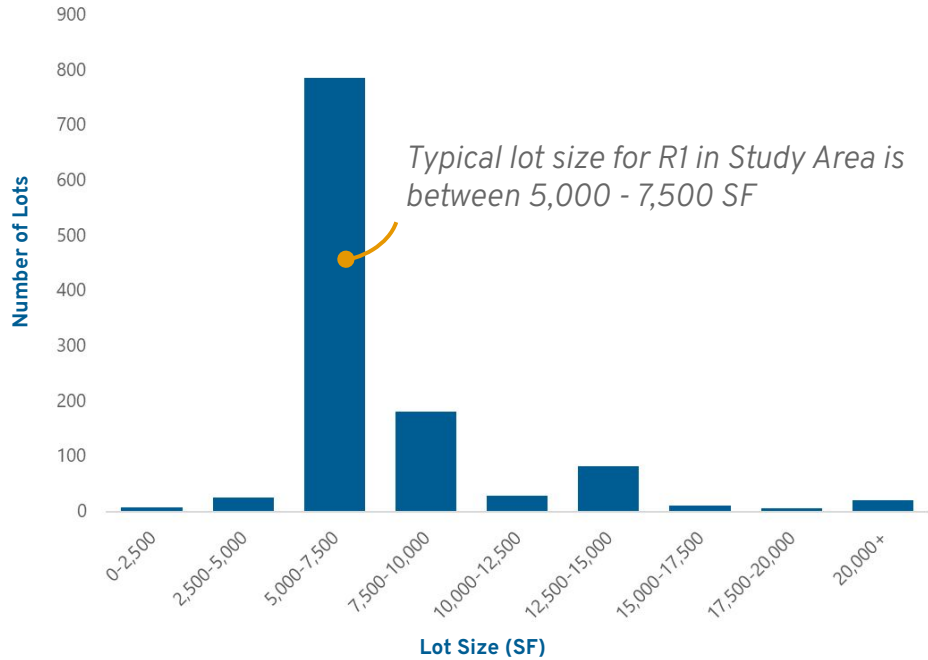
Developed Lot
(4 units)



Vacant Lot
(4 units)

R-1 ZONE

Housing Type	Lot Size	Site Type
SB9 Development	6,500 SF	Prototypical



R-1 SB9 Development | Existing Code + SB9 required changes

Despite SB9 required changes, the only feasible development scenarios are whole parcel scenarios. **Other standards are precluding R1 lots from subdividing and developing more than two units (up to 4 units).**

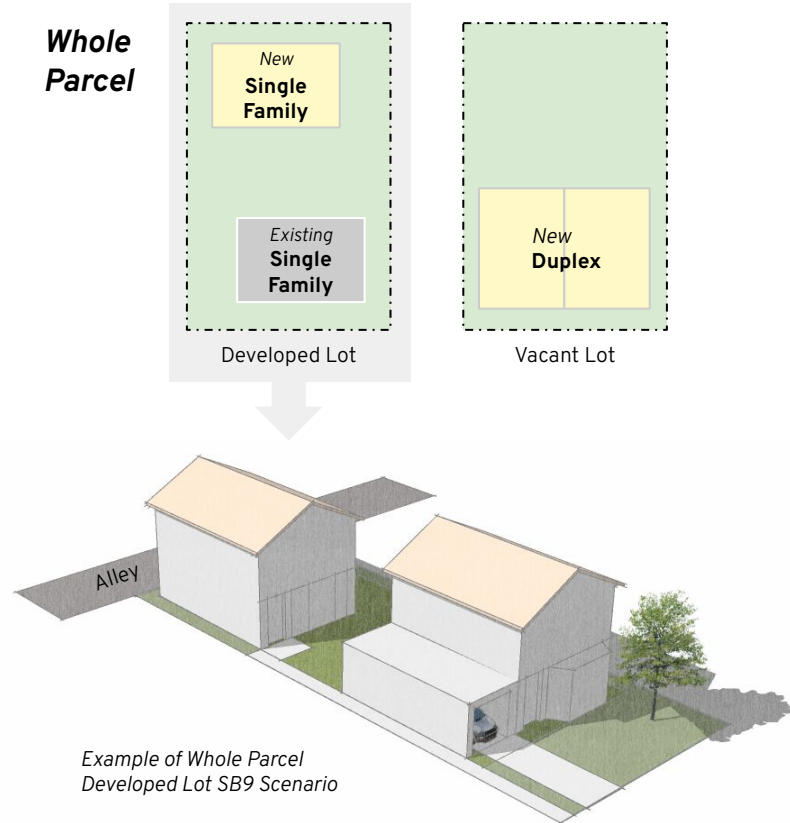
Required changes to R1 and General Plan under SB9:

Permitted Uses: Allow currently prohibited attached single family and duplex housing types in R1.

Setbacks: Decrease minimum side and rear setbacks of 5ft and 10ft, respectively, to 4 ft or less for both.

Primary unit area: Allow a minimum primary unit area of 800 SF. Current code requires a minimum primary unit area of 1,200 SF.

Density: Adjust General Plan density range to allow at least 2 units on a typical 6,500 SF lot. This would equate to approximately 13.5 units per acre.



Development Standards

Minimum Lot Size	✘
Minimum Lot Width/Frontage	✓
Minimum Setbacks	⚠
Minimum Parking Requirements	✘
Maximum Coverage	⚠
Maximum Height	✓
Limit on Residential Uses	N/A

General Plan

Residential Density Ranges	✘
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Major Barrier



Minor Barrier

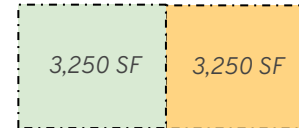


Not a Barrier

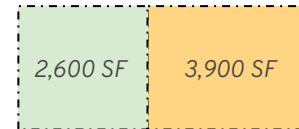
✘ Major Barriers to parcel splits and denser SB9 scenarios:

Lot Size: 6,000 SF minimum lot size requirement would prohibit 50/50 or 60/40 lot splits allowed under SB9. A 50/50 split of a typical 6,500 SF lot in R1 would result in two 3,250 SF lots.

50/50 split



60/40 split



Density: Building up to 4 units on a typical 6,500 SF lot equates to approximately 26 units per acre, far exceeding the General Plan 3 - 5.9 units per gross acre density range for R1.

Development Standards

Minimum Lot Size	
Minimum Lot Width/Frontage	
Minimum Setbacks	
Minimum Parking Requirements	
Maximum Coverage	
Maximum Height	
Limit on Residential Uses	N/A

General Plan

Residential Density Ranges	
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Major Barrier



Minor Barrier



Not a Barrier



Major Barriers (continued):

Parking Requirements: Requiring 2 covered spaces / unit severely limits the potential to build 3 or 4 units in a split parcel scenario, especially given front setback restrictions.



Minor Barriers:

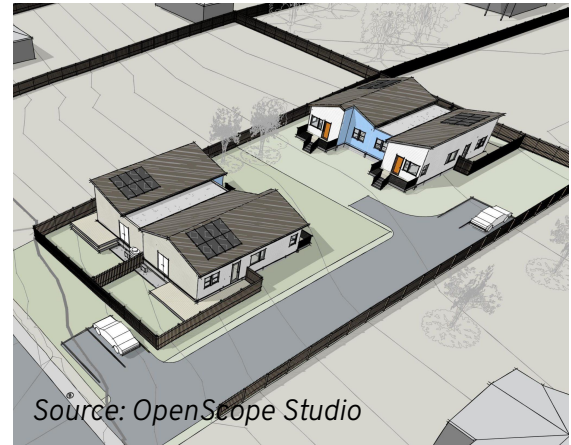
Front Setback: In a split parcel scenario, a 20ft setback would result in approximately 1,700 SF of buildable land on a 3,250 SF lot, limiting the feasibility of building two units on a split parcel.

Lot Coverage: Developing the maximum amount of units allowed under SB9 (4 units) may exceed 60% maximum lot coverage in some scenarios.

Best Practice: Encourage Maximum Infill (up to 4 units)

Alternative scenarios will primarily test the following code changes to maximize the development potential provided under SB9:

- Permitted uses to allow townhouses and duplexes
- Reduce minimum lot sizes
- Reduce parking ratios and change covered parking requirements
- Increase density maximum



Source: OpenScope Studio

3. SUMMARY OF FINDINGS



Current code is not designed for infill development

The current Title 18 zoning ordinance, implemented in the late 70s, was primarily designed for subdivisions, at a time when suburbs were growing in the US. As a result, zoning regulations neglect the challenges and opportunities of infill sites.

High density housing is not prioritized.

- Residential zone districts that allow higher density housing have more restrictive standards. The more units you want to build, the more land you need. This might not pose as a problem in a subdivision context but it becomes a real challenge where land is limited and expensive.

Mixed use development is encouraged but not explicitly defined or outright permitted.

- In commercial areas, residential uses are conditional and mixed use development is not defined in the zoning code. Without a streamlined approval process, both types of development are not prioritized despite what policy says.

There is an over-reliance on using Planned Development (PD) overlay zones to allow a wider variety of housing in the Downtown core.

- While it is common to use PDs when proposing a new subdivision, this type of planning is not appropriate for infill development.

Addressing the major barriers will make infill and redevelopment more feasible for developers and increase housing affordability.

Development Standards	R-1	R-2	R-3	BP	C
	Single-Family Residential Districts	Duplex Residential District	Multiple Residential District	Business and Professional District	Commercial District
Minimum Lot Size	✘	✘	✘	⚠	✓
Minimum Lot Width/Frontage	✓	✓	⚠	✓	✓
Minimum Setbacks	⚠	⚠	✘	⚠	✓
Minimum Parking Requirements	✘	⚠	✘	✘	✘
Maximum Coverage	⚠	✓	⚠	✓	⚠
Maximum Height	✓	✓	⚠	⚠	⚠
Limit on Residential Uses	N/A	N/A	N/A	✘	✘

General Plan

Residential Density Ranges	✘	✘	✘	⚠	✘
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Summary of Potential Housing Opportunities

Townhouses in rows of more than 2 units are feasible at lower price points than single-family houses or duplexes, but can be regulated to be of a compatible scale and character.

Mixed use retail and residential, allowing for more than 1 unit, could be allowed with fewer restrictions given BP's proximity to Downtown.

Housing Type	Title 18 Term	R-1	R-2	R-3	BP	C
		Single-Family Residential Districts	Duplex Residential District	Multiple Residential District	Business and Professional District	Commercial District
Single-Family Detached	Single-Family Dwellings	●	●	●	◐	○
Accessory Dwelling Unit	Second Dwelling Unit	●	●	●	●	○
Townhouses	Townhouses	○	○	◐	○	◐
Condominiums	Condominiums	○	○	◐	○	◐
Duplex	Duplex	○	●	●	○	○
Triplex (3 units)	Triplex	○	●	●	○	○
Multifamily (4+ units)	Apartments	○	○	●	○	◐
Mixed Use	Not Defined	○	○	○	○	◐

To encourage housing in the Downtown area, higher density residential should be permitted outright.

Aligning with SB9 goals and requirements in the R-1 Zone will allow for new infill opportunities in low density neighborhoods and offer more affordable homeownership opportunities.

Mixed use development should be clearly defined and permitted in the Commercial zones.

● Permitted
◐ Conditional

◐ Limited
○ Prohibited

○ Housing Opportunity