



Zoning Code Audit

for Housing
Supply in
Downtown
Lincoln

October 2023



Acknowledgments

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01 Introduction & Background

Project Background

Cascadia Partners was contracted by the City of Lincoln to audit the City's zoning and development code regulations that apply to Downtown Lincoln. The goal of this project is to help the city understand how it can change its development regulations to encourage greater housing production and facilitate infill development that supports a more walkable and vibrant Downtown.

This project is funded by the Sacramento Area Council of Governments (SACOG) who was the recipient of funds from the California Department of Housing and Community Development (HCD) for purposes of administration of the Regional Early Action Planning Grant (REAP). REAP is a program aimed at advancing progress towards California's housing objectives and environmental commitments through a robust collaboration between the state, its regions, and local entities.



The Downtown Vision

Downtown Lincoln wants to become a vibrant and active core fueled by more infill development and housing

Lincoln's vision for its downtown is to create a truly distinctive and vibrant urban center that both conforms to its beloved historical character and fosters new development opportunities for businesses and residents to thrive. This vision extends to crafting a downtown environment that prioritizes the safety, attractiveness, and convenience of pedestrians, whether they are visiting or residing in the area. These aspirations are at the forefront of the Lincoln Downtown Urban Design Plan (Urban Design Plan) from 1992.

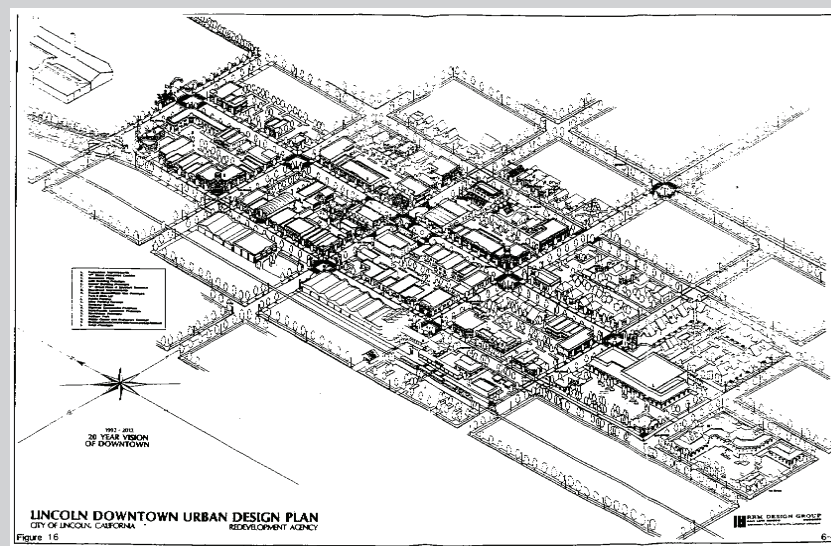
The Urban Design Plan envisions a Downtown that 'functions as the City's core, an employment center, and a residential neighborhood with retail commercial activities focused on convenience shopping needs of surrounding neighborhoods.' To bring this vision to life, the Urban Design Plan emphasizes critical placemaking elements,



Planning Context:

Lincoln Downtown Urban Design Plan

This report references the Lincoln Downtown Urban Design Plan completed in 1992, which defines goals, policies, and objectives to “create a new and revitalized downtown environment that is appropriate for the historical and economic context of the community” and to establish an action plan towards achieving these objectives. While this document is over 30 years old, it includes foundational planning concepts that are still relevant to the City's current efforts to revitalize Downtown Lincoln.



Page 68 from the Lincoln Downtown Urban Design Plan - Rendering of Lincoln's 20 year vision for Downtown

pedestrian-friendly street designs, and the need for additional housing, all with the aim of bolstering downtown's vitality and fostering business success.

Important objectives for Downtown Lincoln from the Urban Design Plan include:

- Strengthening the commercial core
- Providing a system of pedestrian places and spaces
- Providing night-time activity, entertainment and food
- Encourage 1st floor retail and restaurants
- Promoting a successful business environment
- Concentrating mixed-use and housing development in and close to Downtown
- Increase housing opportunities

Increasing housing supply is a critical element to Downtown's success as it benefits businesses and residents alike

Increasing housing supply and bringing more residents in close proximity to Downtown holds many benefits:

- **It boosts the local economy by cultivating a larger customer base for local businesses.** As more residents choose to live in the heart of the city, they become a steady customer base for local businesses.
- **It brings more activity to the streets throughout the day and night.** More residents in downtown will translate to more people on the streets walking to amenities. This dynamic atmosphere creates a positive feedback loop—more activity attracts more people, and more

people lead to even greater activity, making the downtown an attractive destination around the clock.

- **It increases opportunities for Lincoln residents to be less car dependent and live more active and pedestrian-oriented lifestyles.**

Living in more walkable neighborhoods makes it possible to live an active, connected, and environmentally friendly lifestyle that promotes physical health and social connections.



Depictions of Mixed-use Downtown Main Streets, LLC - <https://www.depiction.com/urban-design-planning-watercolor>

Achieving Downtown's Vision

The current zoning code is not designed to achieve Downtown's goals, especially those related to housing

The City of Lincoln's existing Title 18 zoning ordinance, established in the late 1970s, was primarily crafted to regulate projects on larger areas of undeveloped land that is reflective of the development trends of that era, such as subdivisions and greenfield projects. The ordinance focused on managing larger-scale subdivisions and single-use developments. As a result, Lincoln's development code is not well-calibrated for mixed-use and downtown-style housing projects, often on smaller infill sites downtown. These are the exact types of sites that if redeveloped could help to achieve the downtown vision.

When the current zoning code is applied to small infill sites in Downtown, two crucial issues come to the forefront. Firstly, the code has stringent restrictions on building intensity and the specific placement of buildings on a site. Small infill sites, as a rule, come with limited space. Realizing the full potential of such sites requires a level of flexibility that acknowledges their unique characteristics and constraints. Unfortunately, the current regulations such as maximum density limits, minimum on-site parking requirements, height limits, required setbacks, and minimum lot sizes limit what one can build on a small site and can have significant impacts on development feasibility. This ultimately limits a developer's ability to create innovative and adaptable building designs that could potentially breathe new life into Lincoln's Downtown. It's not that these regulations should be eliminated, but rather, they should be carefully fine-tuned to permit greater flexibility on these sites.

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.

Page 44 from the Lincoln Downtown Urban Design Plan - Policies encourage mixed-use and multifamily development and recognize the need for streamlined approval procedures for development that conforms with the Downtown vision. This is not reflected in the current zoning code.

In addition, use regulation in Lincoln's code often does not align with the desired development in certain parts of Downtown. For instance, the central portion of Downtown Lincoln, along Lincoln Boulevard, falls under the Commercial zone. Lincoln's General Plan outlines a vision for mixed-use development in the downtown area, with ground-floor commercial and residential units above. However, residential development is categorized as a conditional use. This designation initiates prolonged and uncertain review processes that can discourage developers from pursuing such projects. When each project undergoes detailed scrutiny on a case-by-case basis, it slows down the development process, increases costs, and deters developers from considering projects that could benefit the downtown area. Uses that are desired in an area should be the easiest to get approved.

Planning Context:

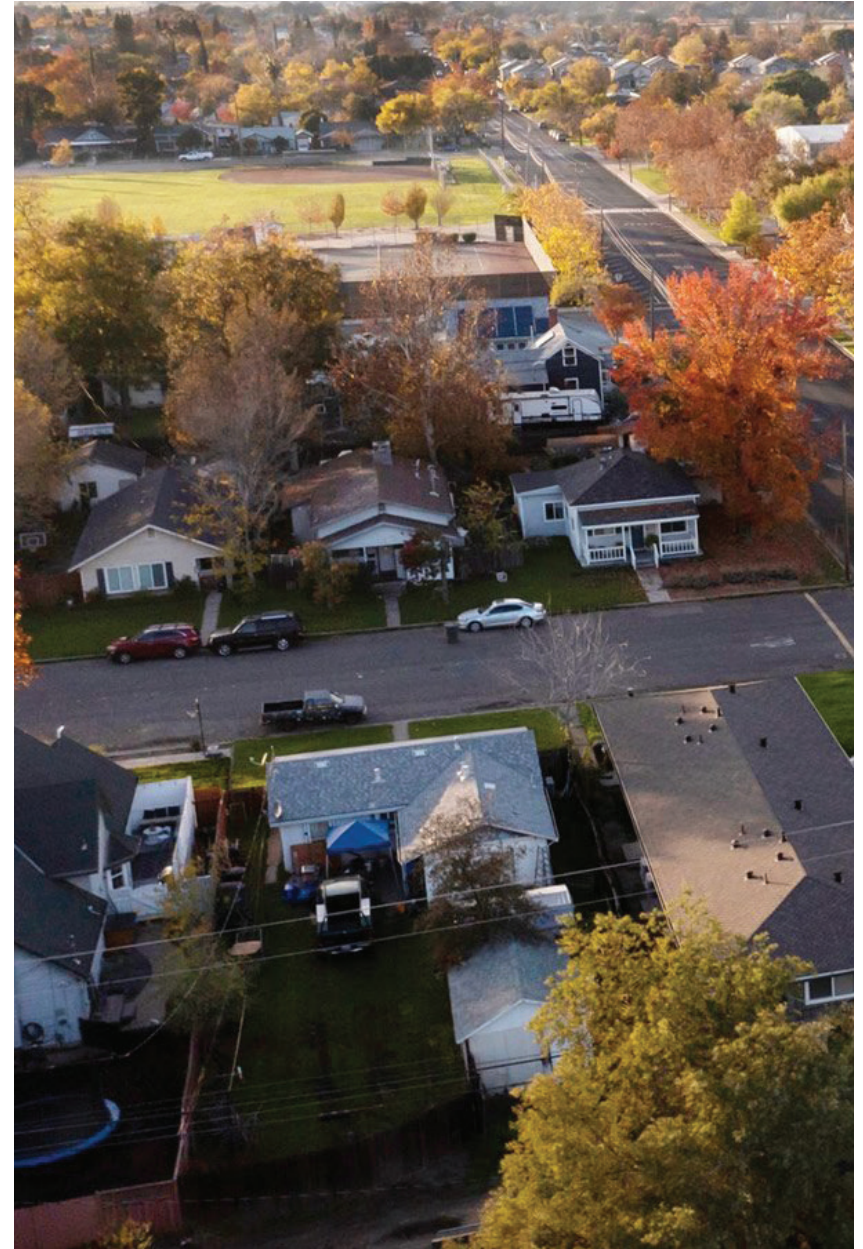
2021-2029 Housing Element

In its Housing Element, the City of Lincoln recognizes the challenges of higher density residential and mixed use development in the Downtown area and recommends some regulatory changes that support housing production in the Downtown area.

Action 2.5 recommends developing incentives for development that help reduce development costs, thereby enhancing the feasibility of projects that align with the city's development goals for Downtown.

Action 2.12 recommends increasing the maximum density in High-Density Residential (HDR) designation and R-3 Zone District from 20 units per acre to 30 units per acre. Increasing the amount of housing allowed in a given project is a key factor in making higher density and mixed-use developments more feasible.

Action 3.2 recommends using the mixed-use land use designation provided in the General Plan that allows for both vertical (different uses stacked above one another) and horizontal (different ground-level uses on a single parcel) mixed-use opportunities. This new designation helps prioritize mixed-use development in pedestrian oriented areas such as Downtown.



How can Lincoln adapt its zoning code to better meet its needs and encourage more housing and development Downtown?

Revisions to the zoning code need to focus on the key regulations that have the most influence on the building form and Lincoln's ability to increase housing development opportunities. Upon careful examination, this report has identified the following dimensional standards as significant barriers to the kind of development that Lincoln aspires to see for its downtown:

- maximum allowable densities,
- minimum lot sizes,
- regulations regarding permissible and conditional uses,
- minimum parking requirements,
- maximum height limitations,
- and minimum setbacks.

Adjusting these standards can promote redevelopment opportunities in Downtown; however, there are concerns that relaxing or removing them might reduce the city's control over building design. Some worry this could lead to development that does not align with what the community envisions for Downtown. To address these concerns, it's recommended that Lincoln considers implementing clear and objective design standards that applicants can understand and the city can administer. These standards would provide developers with specific guidelines on fulfilling building design requirements, allowing the city to exert some influence

over the shape and look of development without imposing excessive restrictions. This balanced approach ensures the promotion of suitable development without compromising Downtown Lincoln's envisioned neighborhood form and aesthetics.

Section 2 of this report will dig deeper into how these standards are barriers to development in Downtown Lincoln. Then, Section 3 will explore ways in which the city can change these standards to facilitate the desired development in Downtown. The report concludes in Section 4, which emphasizes that in addition to implementing recommended code changes, the city should consider adopting design standards and addressing other critical elements to achieve a vibrant and successful Downtown, encompassing a more comprehensive vision and essential street design elements.



Opticos - <https://opticosdesign.com/work/downtown-davis-specific-plan-form-based-code/>

Project Scope and Methodology

The scope of this project includes an audit and analysis of Lincoln’s Zoning Ordinance (Title 18 of the Municipal Code), focused on zone districts selected within a Downtown study area (see Figure 1).

Once the five zone districts were chosen, the next step was to audit the code and create prototypes of housing developments that would be possible on typical lot sizes found in each zone district. During this initial phase, the General Plan and other relevant material, such as the Housing Element and its key findings, were also reviewed. The modeling process enables us to evaluate how multiple code standards interact to influence what can be built on a site in the Downtown study area.

The most typical lot sizes were also used to physically model a development according to existing zone requirements using 3D building software, which also quantified building characteristics, such as building square footage and the total number of parking spaces. The modeling accounted for all relevant development standards, including minimum lot size, maximum density, minimum setbacks, maximum lot coverage, maximum height, and minimum landscaping or open space requirements.

Using the data corresponding to each physical model and the market data that was collected locally, we modeled the financial performance of each building or project in a real estate proforma tool. (See Figure 2 for the proforma inputs used throughout the modeling.) The proforma predicts the financial feasibility of each project according to the current rates of return required to make a development economically feasible, also called “penciling.”

Qualitative research was conducted to supplement this quantitative modeling. The project team interviewed three real estate private for-

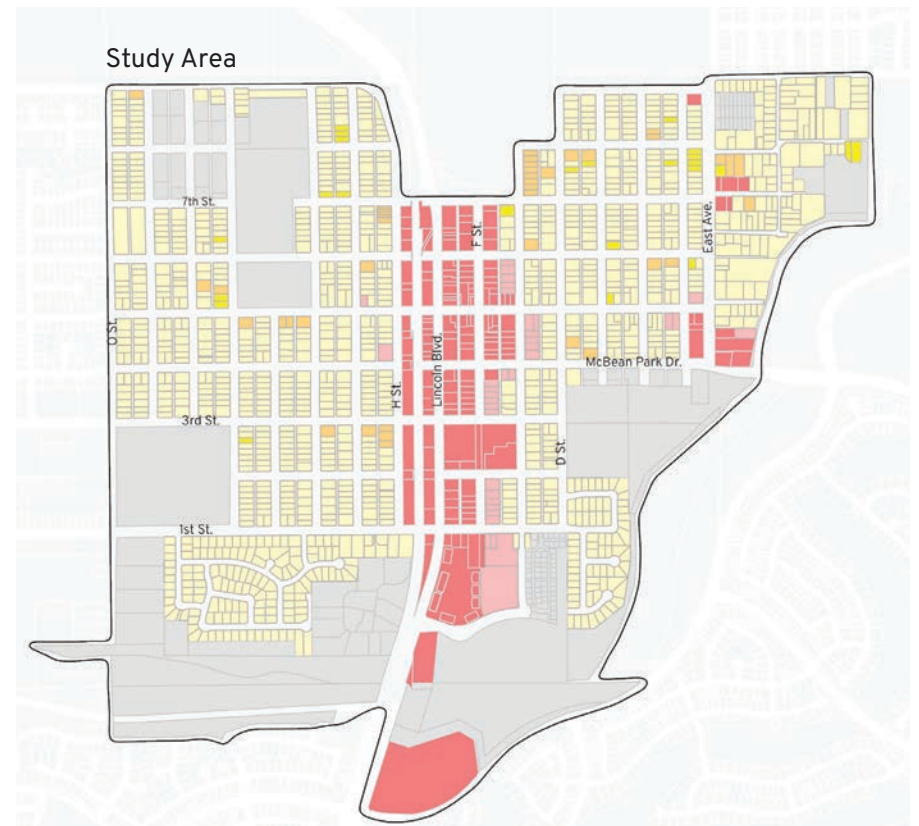
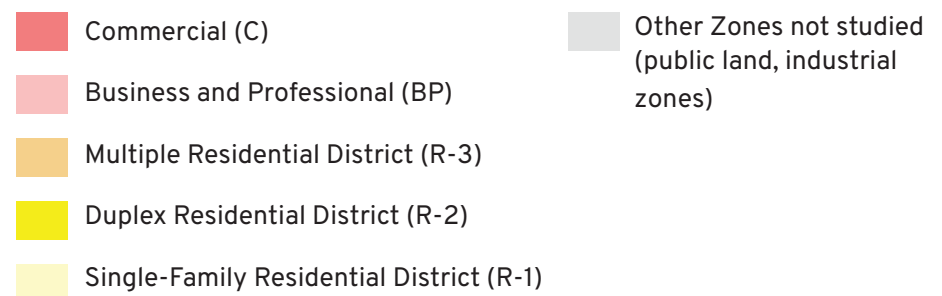


Figure 1: Map of the Downtown Study Area and selected zone districts for analysis



profit developers. Whether it be construction costs, permitting backlog, or restrictive development codes, the developer interviews gave insight into local regulatory barriers. This information was supplemented by local market research of housing sales, rents, property tax rates, utility costs, and area median incomes.

Building on the existing code barriers analysis, the project team then identified potential code changes for additional testing and analysis. A set of code changes was tested to each zone and housing prototype. The results of the testing, both in terms of the visual site models and the quantitative outputs, were compared to the existing code. This comparison provides a useful insight into the impacts and potential benefits of implementing a code change.

Building on the alternative's analysis and further discussion with City staff, the project team prepared a set of recommended code changes for each zone district. The recommendations include both amendments to use regulations and development standards, as well as new development standards that may be necessary to mitigate any negative impacts of the code changes. The recommendations section presents and discusses these changes in detail.

Implementation of Code Changes

This project is the first phase of a code update project, specifically for the Downtown study area. Presentation slides of the report can be used to share the findings and recommendations of this report with a broader segment of the community and other key stakeholders. The recommendations included in this report can be used to craft more specific proposed code amendments. These amendments should be presented to community groups and relevant stakeholders for input before being proposed for adoption at a public hearing. Refinements may be necessary to address any concerns or issues that were not anticipated in this report.

Figure 2. Proforma Inputs

Hard Costs	Cost/SF
Single Family Detached/Duplex (sf)	\$165
Townhouse/Attached (sf)	\$175
Wood Frame 3-4 stories (sf)	\$200
Podium/Wrap 5-7 stories (sf)	\$230

Parking Costs	Cost/space
Surface	5,500
Structured	18,000
Internal/Tuck Under	20,000

Land and Site Dev Costs	Cost/SF
Raw land (sf)	\$12.00
Infill lots - vacant (sf)	\$19.00
Infill lots - redevelopment (sf)	\$24.00

Target Returns	Cost/SF
IRR	10%
Project Rate of Return	15%

For Sale Prices	Unit Size	Total Price	Price/sf
Single Family - Standard Lot	2,000	\$600,000	\$300
Duplex	1,500	\$450,000	\$300

For Rent Prices	Unit Size	Total Price	Price/sf
Apartment - 3BR	1,000	\$2,000	\$2.00
Apartment - 2BR	850	\$1,870	\$2.20
Apartment - 1BR	650	\$1,560	\$2.40
Studio	500	\$1,300	\$2.60

02 Key Findings of the Code Audit and Analysis

Housing opportunities in Downtown Lincoln are limited by a number of barriers in the existing zoning code that make building new housing in the downtown area financially challenging. Removing those barriers can increase housing opportunities on smaller infill lots that would add vitality and support economic growth downtown.

To better understand how different types of regulations present barriers to housing development, this section of the report is organized by the different aspects of development that the zoning code regulates. Each type of regulation impacts housing development in unique ways. The zoning code regulates development in the following ways:

- Maximum Density
- Limits on Residential Uses in Commercial Zones
- Minimum Lot Size and Width
- Minimum Parking Requirements
- Ground Floor Commercial Requirement
- Maximum Height and Minimum Setbacks

These areas of zoning regulation present barriers to housing across multiple zone districts. Addressing each below allows the reader to understand the details of why and how these regulations impact housing production.



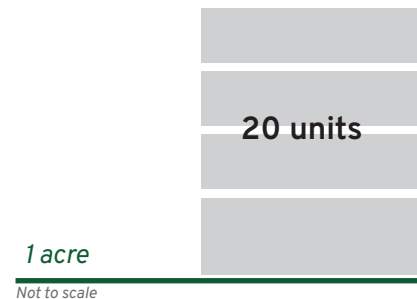
MAXIMUM DENSITY

The current zoning code has density maximums that make sense on larger, suburban sites where land is plentiful, but not in downtown where lots are small and expensive. When the density maximums are applied to smaller sites like those in downtown, they severely restrict the number of units that can be built on a site. For example, on a one-acre site in the R-3 zone, developing 20 units is both physically possible and financially feasible. If this same 20 units

per acre density maximum is applied to a 6,500 square foot (or 0.15 acre) site - a lot size typical in downtown - only 3 units are allowed. A 3 unit building on a downtown lot is not financially feasible nor does it encourage that type of higher-density, mixed use development that enhances main street activity. Density will need to be increased significantly in order for the market to build housing downtown.

Low density maximums prevent feasibility of infill development.

Large Greenfield Lot
20 units/acre



Small Infill Lot
20 units/acre



Maximum densities applied on larger greenfield lots vs small infill lots typically found in Downtown

LIMITS ON RESIDENTIAL USES IN COMMERCIAL ZONES

Housing is an essential element of a successful downtown, however, as it stands, residential uses in commercial zones are conditional, meaning they are more difficult and costly to develop than uses that are permitted outright. Zoning codes categorize uses that are permitted, conditional, or not permitted. Allowed uses have fewer restrictions and a less burdensome permitting process in order to be included in a development. Conditional uses, however, require justifications and extra scrutiny by the City in order to be approved. There are no guarantees that a conditional use will ultimately be approved, so it adds uncertainty and cost to the development process.

A developer who wishes to develop a mixed use building in a commercial zone with

apartments above the ground floor is required to demonstrate that it is “substantially similar in characteristic to a use or uses currently within the district,” and that it is “appropriate in the district.” These conditions and the evidence that must be provided in a permit are subjective rather than objective. These complications and uncertainties make it less likely that a developer will pursue these types of land uses. If higher-density residential, mixed-use residential, and retail uses are desired downtown, then they should be permitted outright. If the city still wants to have some say in how these uses are developed, then clear and objective design standards can be implemented to address topics such as location of front doors, windows, where the building sits on the lot, required landscaping, etc.

Projects that include desired uses should be the easiest projects to approve.



Depiction of a Middle Housing type - <https://www.depiction.com/urban-design-planning-watercolor>

MINIMUM LOT SIZE AND WIDTH

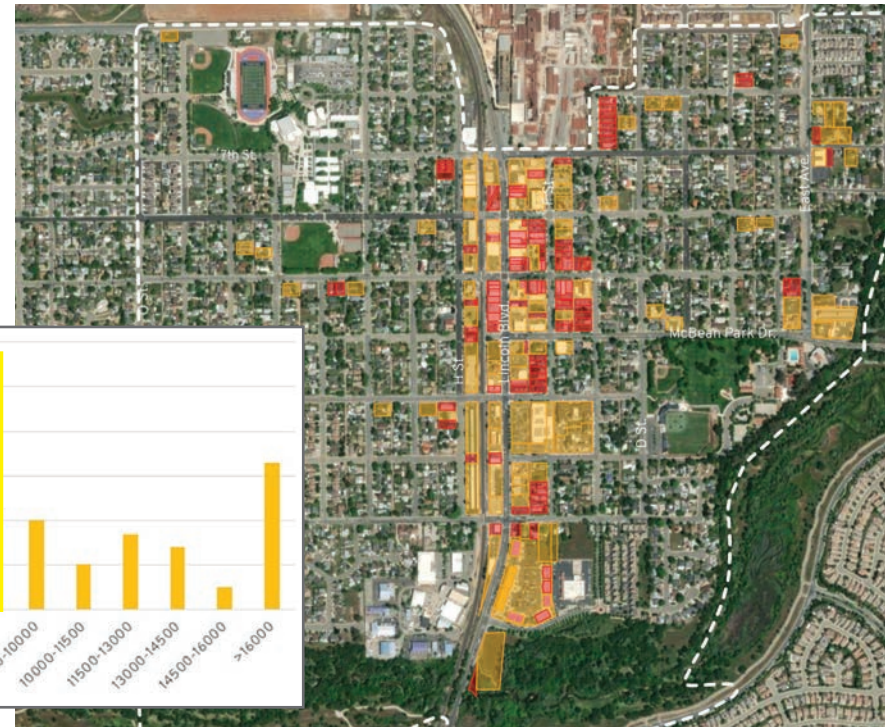
Lot dimensions in zoning codes set a minimum allowable lot size and width. If these minimum standards are set too high, they can cause certain housing types to be infeasible. For example, building 4 units in the Commercial zone and R-3 zone, where apartments are allowed, would require a minimum 8,500 square foot lot. Any additional units above the 4 would require 1,000 square feet each. Downtown Lincoln is already largely

developed. The majority of remaining vacant or underdeveloped sites are small and would not meet these minimum lot standards. Any future redevelopment then would be forced to acquire and consolidate multiple lots to create a developable parcel large enough for even a small apartment building. Buying multiple adjacent lots is a costly and time-consuming process and discourages the type of infill housing Lincoln wants downtown.

Large minimum lot size and width requirements limit housing units.



Map of lots zoned Commercial and Multiple Residential (R-3) that allow apartments



■ Lots that are zoned for apartments do not meet the minimum size for 4 units

■ Lots that are zoned for apartments meet the minimum size for at least 4 units

MINIMUM PARKING REQUIREMENTS

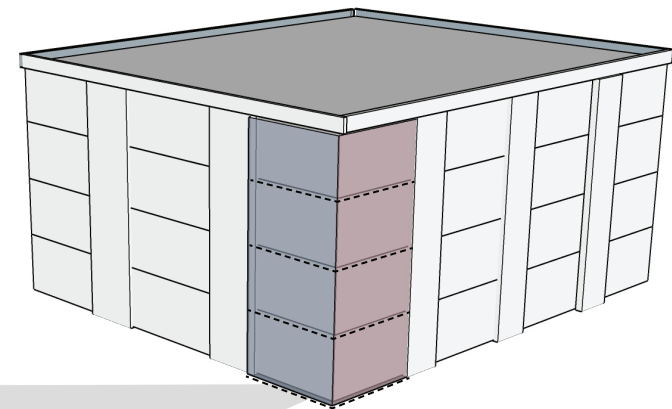
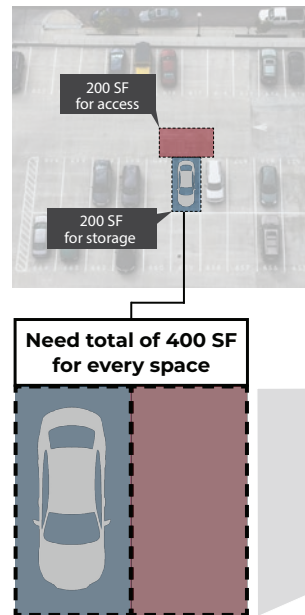
Lots in downtown Lincoln are significantly smaller than other parts of town so zoning standards that reduce the buildable portion of those lots can limit the feasibility of development. High minimum parking standards can mean that surface parking uses up most of the space on a lot and greatly limits the amount of lot area where a building can be built. Structured or underground parking is very

expensive (often over \$40,000 per space) and does not make financial sense for any areas outside of the downtown cores in larger cities. As a result, in Lincoln any parking space on a site directly reduces the available building area, often to such an extent that the small building area remaining simply is not valuable enough to justify the cost of new construction.

For example, a mixed-use 4-unit building with 1,000 square feet of commercial space is required to provide 13 parking spaces on the lot. Every parking space required is roughly

equivalent to 400 square feet of space. This is 400 square feet of space dedicated to parking instead of approximately 2 to 3 living units that could be built in a 4-story building. This reduction in building area constrains the building size to such an extent that the project is not financially feasible. Lincoln should consider reducing the minimum parking in order to increase the available space for buildings and encourage the development of new mixed-use buildings that can add to the vibrancy of downtown.

High parking requirements increase construction costs and limit infill.



1 parking space consumes land that could be used for up to 1,600 SF of floor area

1,600 SF equates to approximately 3 housing units or 2 retail spaces

The Case for Right Sizing Parking Requirements in Downtown

Right sizing parking standards is about finding a balance between parking supply and demand. Too often cities require developments to provide more parking spaces on-site than the market needs. This approach leads to added costs, inefficient use of downtown property, and a less walkable and active downtown overall.

A trend is emerging in cities across the United States. Cities are pursuing more efficient and market-friendly approaches to parking requirements. Cities have allowed shared parking across different uses, reduced minimum parking requirements, or even established maximum parking standards. The most effective approach, particularly in downtown areas, has been to eliminate parking requirements altogether. This approach allows the market to decide the actual need and demand for parking for any given development project. Developers spend a lot of time assessing the market need for parking in their planning and design phases. Since parking is expensive and limits the amount of building area (i.e.- rent paying space) they can build, there is a powerful market incentive to build just enough but not too much.

Eliminating parking requirements does not just help new developments. It can also help local businesses expand operations at their current location. An expansion of a building typically comes with the requirement to provide additional parking or pay an 'in-lieu fee' that can be costly for small business owners. Parking requirements can significantly increase the cost of construction and development, and required parking often takes up a significant portion of already limited land which could

be used for business expansion or more housing. On smaller lots, there may simply not be enough land area to add building and parking area, which can cause growing businesses to decide to relocate rather than grow in downtown.

Eliminating parking requirements also has a positive impact beyond supporting redevelopment. Requiring less parking can improve the street level environment for pedestrians on main streets and increase overall foot traffic downtown. Large parking lots are not pleasant or interesting places to walk past and can reduce the appeal of walking around downtown. If 70% or 80% of a site has to be dedicated to parking, there is no way plazas or outdoor patios can be integrated into the design of new buildings and still be financially feasible.

Parking Reform is Happening in Small Cities Too

Smaller cities across California and beyond have reduced or eliminated parking minimums to promote downtown and commercial development, reduce barriers to small business growth, encourage more housing and allow for more walkable street designs.

These include places like Healdsburg, Chico, and Santa Rosa. Each has pursued some degree of eliminating minimum parking requirements downtown. Healdsburg has eliminated minimum parking requirements downtown for non-residential uses smaller than 15,000 square feet. Chico has eliminated minimum parking requirements downtown for non-residential uses. Santa Rosa has eliminated minimum parking requirements within its Downtown Station Area.

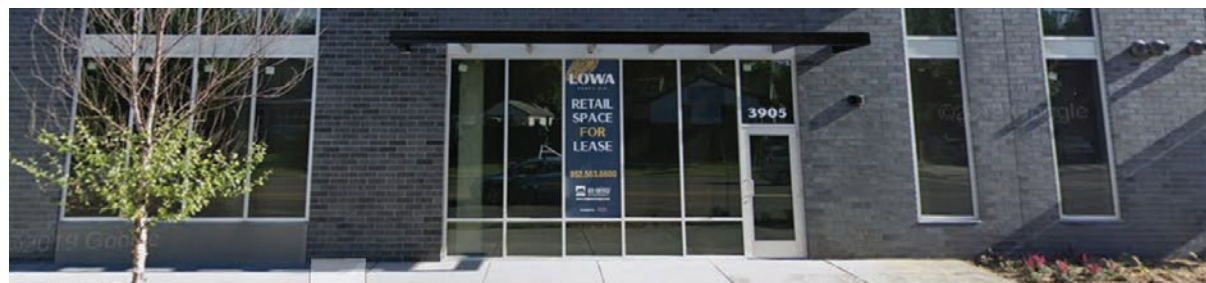
GROUND FLOOR COMMERCIAL REQUIREMENTS

Ground floor requirements are important in a Downtown but should be applied thoughtfully.

Great main streets have buildings with active commercial uses on the ground floor. Uses that draw foot traffic, encourage customers to gather, eat, drink, leisurely shop and stroll along the street to be part of the action. **Lincoln does not have a ground floor commercial requirement currently. Active ground floor uses should be required in the core of downtown along Lincoln Boulevard and on other important frontages or at key intersections.** Section 4 of this report describes how a Master Plan for Downtown can help the city define these places. Some of these special places may be ideal candidates for considering a requirement for “active uses on the ground floor.”

Many cities have requirements for ground floor commercial. However, few cities apply these requirements with strategic and market-friendly precision. Retail is the most picky of land uses. Requiring too much retail space adds costs and leads to long term vacancies. Too little retail space or spaces that are too spread apart does not create a critical mass that draws

enough customers to be successful. The small businesses that are the lifeblood of downtowns rely on being clustered together to create the magnetism and customer draw. It is important to focus any ground floor retail requirements on the most special few blocks in the heart of downtown. This ensures a concentration of small retailers and a complete and lively ground floor experience for pedestrians. Cities all too often require ground floor retail across an entire downtown area, and this can lead to retail spaces not being able to be filled with tenants (increased vacancies) which adds costs to investments in new housing and office buildings that healthy downtowns need for customers and activity. A thoughtfully applied set of ground floor active use requirements could help to support the health and desirability of downtown Lincoln, which in turn would attract additional investment in housing and jobs. Further discussion on how a Downtown Master Plan could help define the right (limited) locations to apply this requirement are discussed in Section 4.



<https://www.planetizen.com/files/images/RetailVacancy.png>

MAXIMUM HEIGHT AND MINIMUM SETBACKS

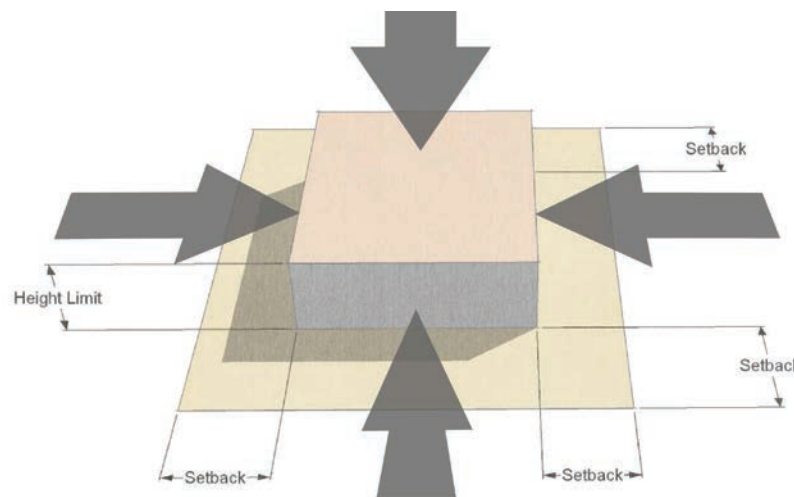
Considered together, the zoning standards of maximum height and the front, rear, and side setbacks establish the maximum size of a building - often referred to as a “building envelope.” These standards, therefore, have a large impact on the total rentable area that can be achieved on any given lot and whether or not a project is financially feasible. If a building cannot fit enough units, for instance, within the permitted building envelope to cover development costs, then it is not a financially feasible project.

The current maximum height permitted in Downtown Lincoln is 50 feet. This caps the height a building can be built to and therefore limits the total number of floors. The total building height also applies to any architectural

details extending from the roof. For example, traditional downtown main street buildings have ornamental moldings or cornices that extend several feet from the top roof line. These types of building details reinforce the character of Downtown Lincoln and are highly desirable. Another feature that is very common in traditional main street buildings and can be important to consider in zoning is allowing higher ceiling heights in ground floors that makes commercial spaces more comfortable and allows daylight to penetrate deeper inside.

The City should consider setting a maximum building height that is sufficient to allow for 4 story mixed-use buildings with taller ground floor spaces and architectural roof details. If the maximum height does not allow for

Limited height and large setbacks limit infill opportunities.



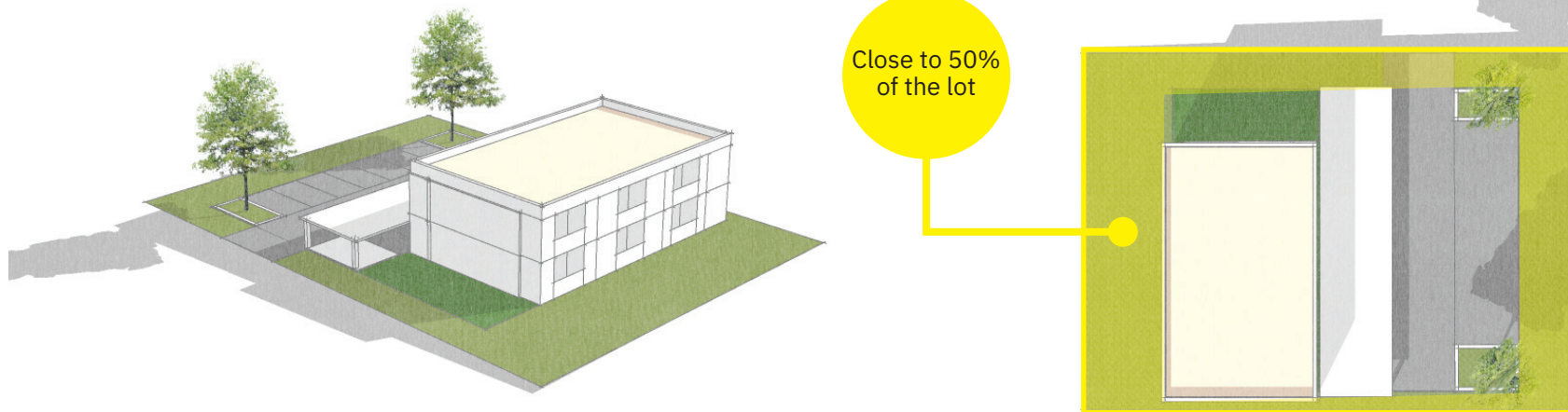
Height limits and setbacks limit building size, number of units and financial feasibility.

these competing building elements, the standard will unintentionally prevent the City from achieving a traditional main street style of building downtown.

Similar to height standards, the amount of area that is in a required setback area on a lot impacts the total buildable area. Large setbacks not only limit the development potential of projects but also translate into large unbuildable areas that have limited use and don't add to the vibrant character of downtown. While the commercial zone does not require setbacks, with the exception of 10 feet when adjacent to a residential district, the higher density residential zones require large front and side

setbacks. These impact the redevelopment potential of smaller infill lots, in particular. Larger setbacks also result in a building form that is more suburban with buildings pushed back from the street. While some amount of setback may be intended to allow for private open space, often these setback areas are not designed to be used by people or children and they become landscaped areas that require lots of watering but add little to street life or for residents. Reducing large setbacks will allow more of a lot to be developed and enable the development of housing types, like townhomes and other "Missing Middle" housing types, that have traditionally been a critical source of attainable housing in downtowns.

Setbacks take up close to the half the lot area in this R3 zone building prototype, that's close to 6,000 total square feet on a 13,000 square foot lot. The amount of lot space taken up by setbacks increases on smaller lots that are also found in R3, making it very difficult to build multi-unit buildings.



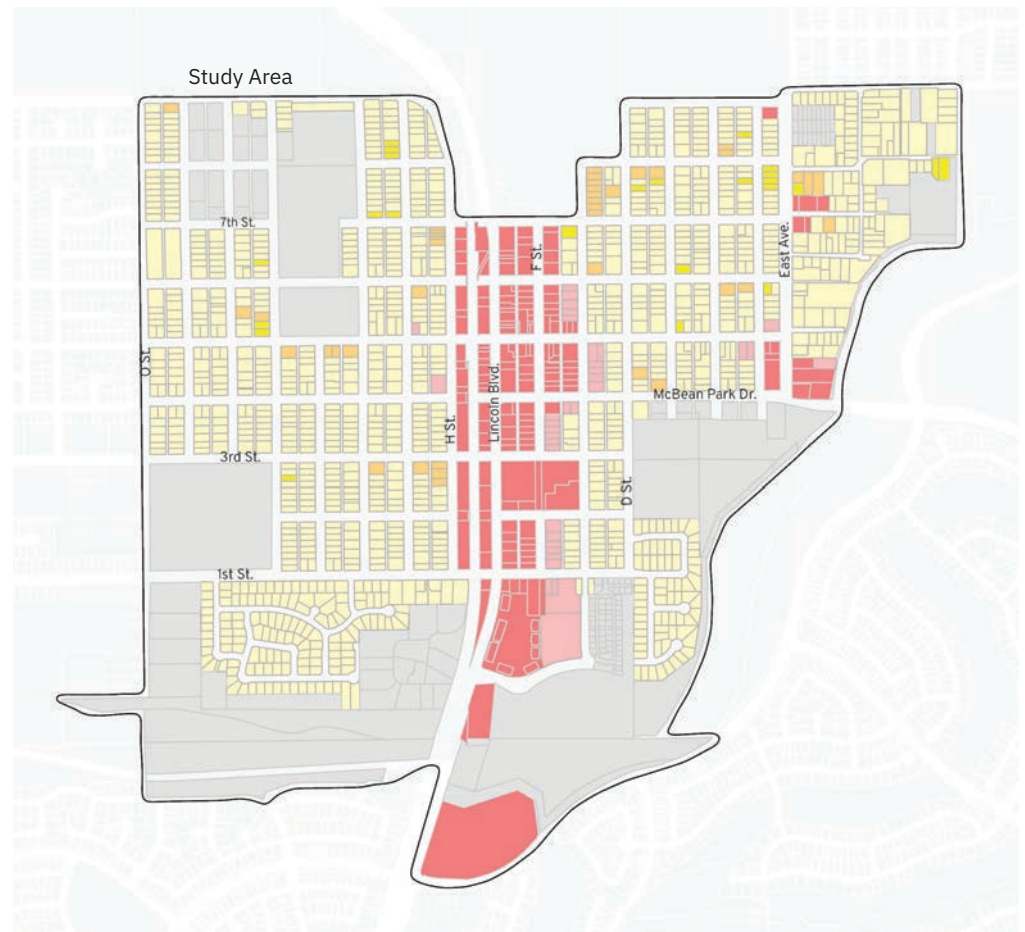
Oblique and aerial view of a building prototype complying with existing standards on a 13,000 square foot lot in the R-3 zone.

03 Recommendations

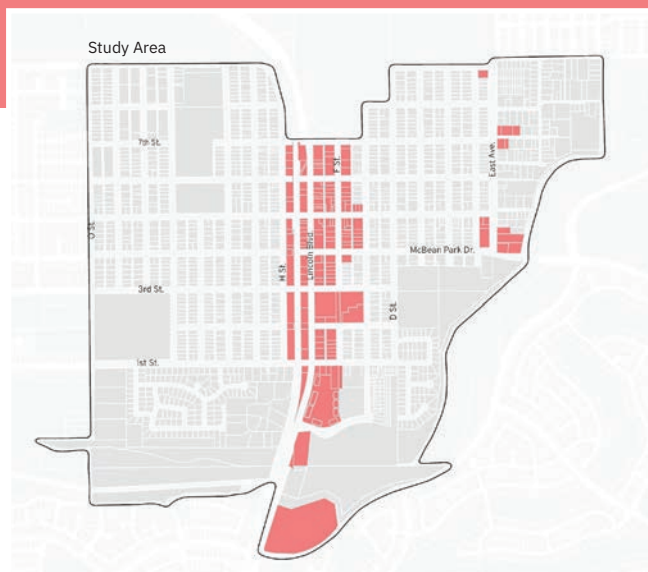
Section 2 of this report summarizes the key findings of the code audit and analysis. The key findings apply to development across multiple zone districts. Each district has a distinct purpose and existing land use context. Section 3 details separate recommendations for each zone district. The recommendations specifically pertain to zone districts located within the geographic boundaries of the Downtown study area.

- Commercial (C)
- Business and Professional (BP)
- Multiple Residential District (R-3)
- Duplex Residential District (R-2)
- Single-Family Residential District (R-1)

Most of the recommendations of code changes to remove or lessen the identified barriers vary by zone district but there are some that apply across multiple districts. Section 3 begins with code changes for each zone district, then presents recommendations that apply across all zone districts.



C: COMMERCIAL DISTRICT



What is the zone's intent?

Property along Lincoln's downtown main street, Lincoln Blvd, and adjacent F and H Streets is zoned Commercial and designated Community Commercial in the General Plan Land Use Map. The General Plan states that the purpose of this designation is to provide commercial uses that serve the entire community, including retail and service uses, restaurants, banks, entertainment, and offices.

However, the General Plan also seems to envision applying a Mixed Use designation for the Downtown zone district that provides for creative mixed-use infill projects.

We recommend that the City of Lincoln align the zoning code with what's envisioned in the General Plan for Downtown -- **mixed-use and residential development in Lincoln's Downtown.**



3-Story Mixed-Use Building



4-Story Mixed-Use Building

What code changes are necessary to support mixed use and residential development Downtown?

- **Avoid applying standards from residential zones to the Downtown:** Applying standards from the R-3 Multiple Residential District to housing development in the downtown area would significantly limit mixed-use development prospects. For instance, mandating a 25-foot front setback on downtown lots would not only further diminish the available buildable space on

already constrained infill lots but would also be incongruent with the established ground-floor commercial character in Downtown. Dimensional standards such as minimum lot area and width, maximum lot coverages, and minimum side yards stated in Chapter 18.22 - C Commercial District should apply to residential uses as well as commercial uses in order to best accommodate and encourage feasible mixed use development on Downtown lots.

- **Increase maximum density:** According to the General Plan, the maximum density that applies to residential development in the commercial zone is 20 units per gross acre. A mixed use building was modeled under the

existing code on a commercially zoned 9,000 square foot lot currently vacant in Downtown Lincoln along Lincoln boulevard. The result is a 2-story building that includes 1,250 square feet of ground floor retail and 4 units above. This is a relatively low density building for the main street Downtown and, given the market conditions in Lincoln, this building is not financially feasible (see Figure 3).

In addition, the maximum density is effectively preventing the building from achieving the current maximum height of 50 feet allowed in the commercial zone. It is recommended that the City significantly increase the maximum density for commercially zoned lots in the Downtown to encourage higher-density mixed-use buildings on smaller lots. Our models estimate that increasing maximum density to 60 units per acre resulted in a 4-story building with 2,500 square feet of ground-floor retail and 13 units above. This adjustment to density significantly enhanced the financial feasibility of the project, increasing the rate of return from 8.2% to 9.3% which is getting closer to the 10% rate of return that developers often require to deem a development economically feasible.

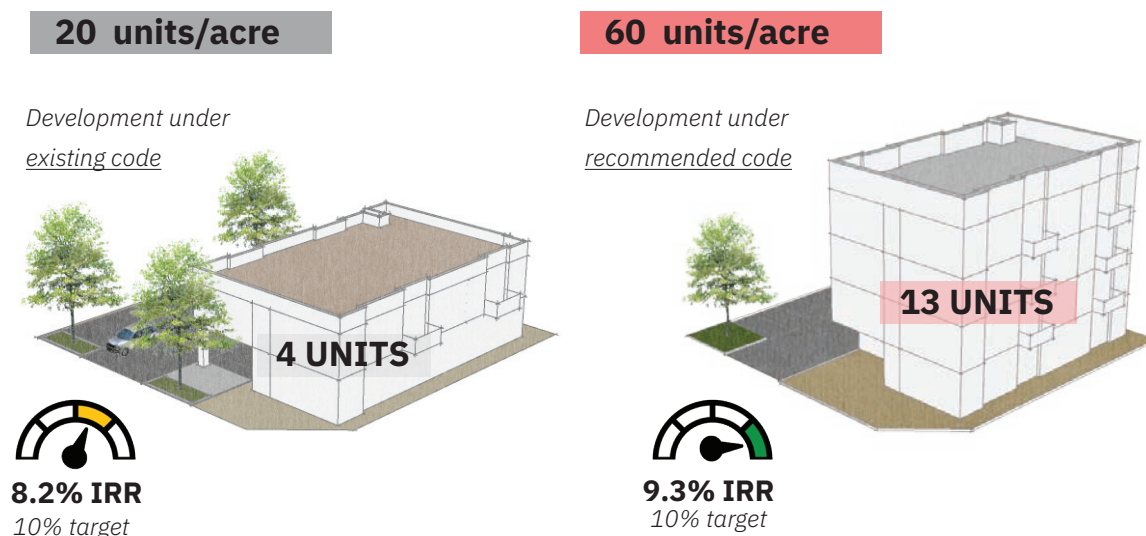
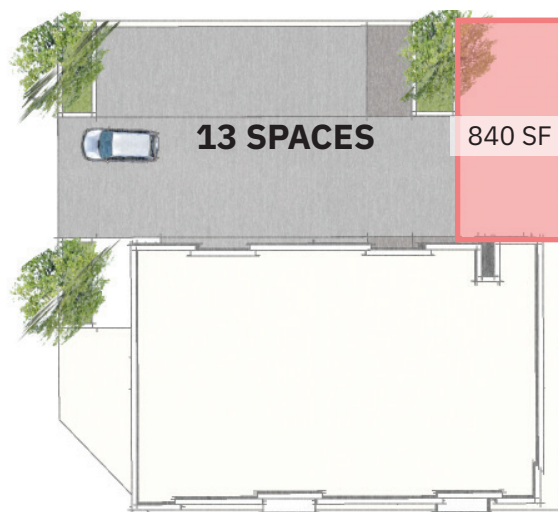


Figure 3: Return on investment results of prototypes modeled under the existing and recommended code for the Commercial zone.

- Reduce minimum parking requirements:** As described in detail in the Key Findings section, current minimum off-street parking requirements are a significant barrier to multi-family and mixed use development in the Commercial zone Downtown. Minimum parking requirements of 2 spaces per unit and 4 spaces for 1,000 SF of retail results in 30-50% of the area of vacant Downtown sites being occupied by surface parking, limiting the residential density that can be achieved and, in turn, limiting economic feasibility of development.

The model of existing code, illustrated in Figure 4, includes a required 13 parking spaces for 4 residential units and 1,250

Figure 4: Only 840 square feet remain available for 2 more parking spaces which equates to only 1 additional unit.



Aerial view of development under existing code

square feet of retail space. Even if density maximums were increased to allow for more units on a single lot, minimum parking requirements would continue to constrain additional unit construction due to the significant amount of land that must be allocated for parking.

In this example, increasing maximum density without reducing parking requirements would only result in one additional unit because there is only enough land available to accommodate the 2 additional parking spaces that would be required. Reducing these minimum parking requirements is necessary to enable the construction of a financially viable 4-story mixed-use building in the Downtown area.

- Allow residential uses by-right:** Currently, residential uses in the Commercial zone require a conditional use permit. Conditional use permits require developers to go through additional review steps, including evaluation by the planning commission and sometimes involve public input before a project is considered for approval. These additional hurdles can significantly increase both the time and costs of a project and create substantial uncertainty for developers regarding approval. Developers may be deterred from pursuing projects with conditional use requirements for these reasons. In contrast, uses permitted outright only need to undergo city staff review, which reduces the cost and uncertainty. It is recommended that all types of uses Lincoln wishes to encourage in downtown, such as housing, be permitted outright.



3-Story Mixed-Use Building

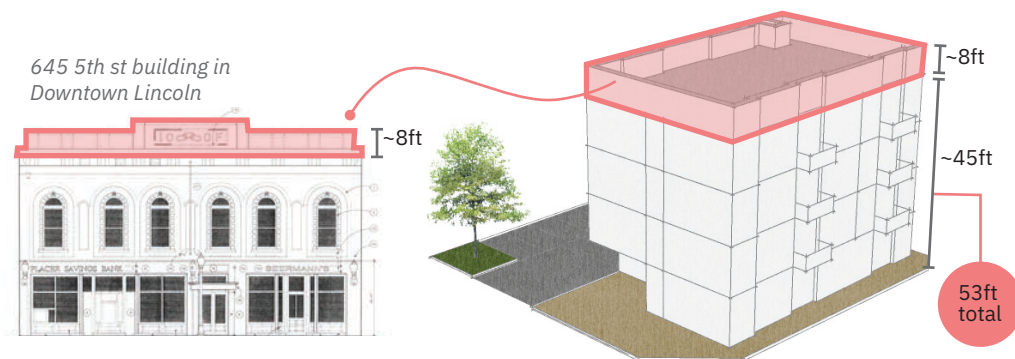
Implications of AB2011

Assembly Bill 2011 (AB 2011) allows for ministerial, by-right approval of affordable housing on commercially-zoned lands, and also allows such approvals for mixed-income housing along commercial corridors, as long as the projects meet specified affordability, labor, and environmental criteria. The bill also requires that all projects utilizing AB 2011 must ensure all construction workers are paid prevailing wages and receive health benefits.

While the AB 2011 may be beneficial to affordable housing developers that can combine the benefits of the bill with other public subsidies, it is unlikely that the bill will be used broadly for mixed income housing by private market developers. Given the affordable unit and prevailing wage requirements, the return on investment is likely to be significantly lower than a market rate housing project built to existing or recommended code standards.

As a result, it is important that Lincoln does not rely on the provisions of this bill to allow for apartment housing in its Commercial zone. It is still recommended that, instead, Lincoln allow apartment-type housing by-right and amend the necessary code to encourage more housing Downtown.

- Increase maximum height to encourage design features:** The existing maximum height in the Commercial zone is 50 ft, which can comfortably accommodate a 4-story building with a tall ground floor for retail and commercial spaces. Increasing the maximum height to 55 ft provides the additional space needed to accommodate a 4-story building with design features that align with the architectural character of Downtown's more historical buildings. While the change may appear minor, this increase can enhance the feasibility for developers to include architectural details without restricting the number of stories and floor area they can fit in a building.



Lincoln's historical building at 645 5th St includes a decorative 'false front' that adds about 8 feet of height to the 2-story building.

- Condominiums should be treated the same as apartment buildings in the zoning code:** Currently, condominiums have a separate performance standard that, in practice, does not specify any additional regulatory requirements beyond what's already mandated for apartment buildings. These standards and associated review process are highly discretionary, adding more barriers to condominium development than apartment development despite the fact that the resulting buildings may be similar in size and bulk.

If the main concern regarding condominiums pertains to building form, a strong argument can be made for not differentiating regulations between condominiums and rental apartment buildings in the zoning code. Applying the same standards to apartments and condominiums would help simplify the zoning code and support the development of more diverse housing options and price points. Condominiums can

serve as a more accessible and affordable homeownership option, benefiting first-time homebuyers and smaller households who aspire to own property but may not have the means to purchase a single-family home.

Recommendations: Summary Tables

Use Regulations	Existing Review Type	Recommended Review Type
Apartments (4 or more units)	CUP	P
Condominiums	CUP	P

P = Permitted Uses, CUP = Conditional Use Permit, X = Prohibited



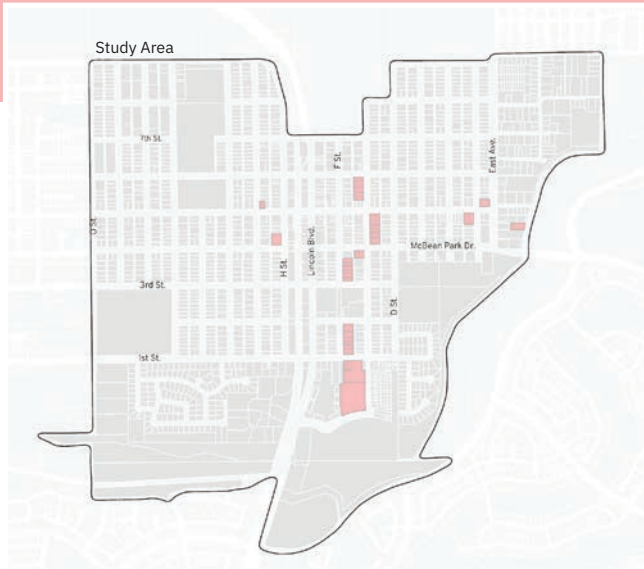
Condominiums should be permitted in all zones where apartments are permitted.

Standards	Existing Requirement	Recommended Requirement
Maximum Density	20 units/acre	60 units/acre
Minimum Parking Requirements	- 2 space / unit + 1 guest parking / 5 units for all bedroom types - ~4 spaces / 1,000 SF of commercial	- 0.75 spaces / unit for studios and 1-bedrooms - 1 space / unit for 2+ bedrooms - 1 space / 1,000 SF of commercial
Maximum Building Height	50 ft	55 ft



Minimum parking requirements recommendation applies to residential and commercial uses permitted in all other zone districts being studied in the Downtown Study Area.

BP: BUSINESS & PROFESSIONAL DISTRICT

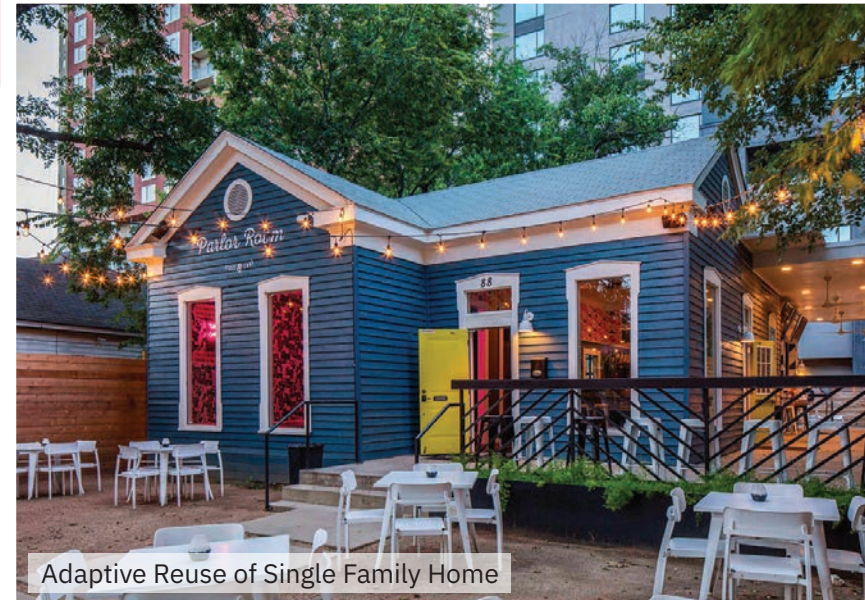


What is the zone's intent?

According to the General Plan, the purpose of the business and professional district (BP) is to provide areas for professional, administrative services, and offices.

However, the zone is not being used as intended - over 50% of the lots zoned BP in the Downtown study area are currently being used for single family housing. In addition, the zone's limited permitted uses and high parking requirements do not support policy objectives for Downtown Lincoln, such as adding additional housing.

We recommend that the City of Lincoln explore a more flexible set of code standards for the BP district that allow for **small-scale mixed use development that can include residential units and a variety of commercial types** or allow for adaptive reuse of existing buildings.



Adaptive Reuse of Single Family Home



2-Story Mixed Use Building

What code changes are necessary to support small-scale mixed use development?

Reduce minimum parking requirements for commercial uses: The zoning code currently mandates an average of 4 parking spaces per 1,000 square feet of commercial space. To illustrate the implications of this requirement, we conducted a modeling exercise on a vacant 9,500-square-foot site that is zoned BP. The highest and best use of the lot under the current code is a 2-story 2,500-square-foot building with 18 required parking spaces. Notably, the parking lot occupies more than half of the lot

area, severely limiting the lot's development potential and resulting in an inefficient use of land and a financially infeasible project (see Figure 5). The existing zoning standards result in a project with a 8.5% return - well below the 10%+ return rates typically needed by developers.

To increase the flexibility and feasibility of development on BP zoned lots, it is recommended that commercial parking requirements be reduced to on average 1 space per 1,000 square feet of commercial space, which is best practice for more walkable downtown areas and on smaller infill sites.

This recommendation would also help reduce barriers for adaptive reuse projects, which often

involve restoring historic or community-valued buildings, as well as underutilized structures into charming, neighborhood-scale commercial uses. Consider, for instance, an adaptive reuse project involving a 2,000 square foot single family home. Under the current standard, this project would require 8 parking spaces. However, by reducing the minimum average commercial parking requirement to 1 space per 1,000 square feet of commercial space, the project would only require 2 parking spaces. This significantly improves the feasibility and also allows the projects to incorporate unique outdoor dining or play areas. This flexibility becomes especially important when dealing with fully developed lots that offer limited space for additional on-site parking.

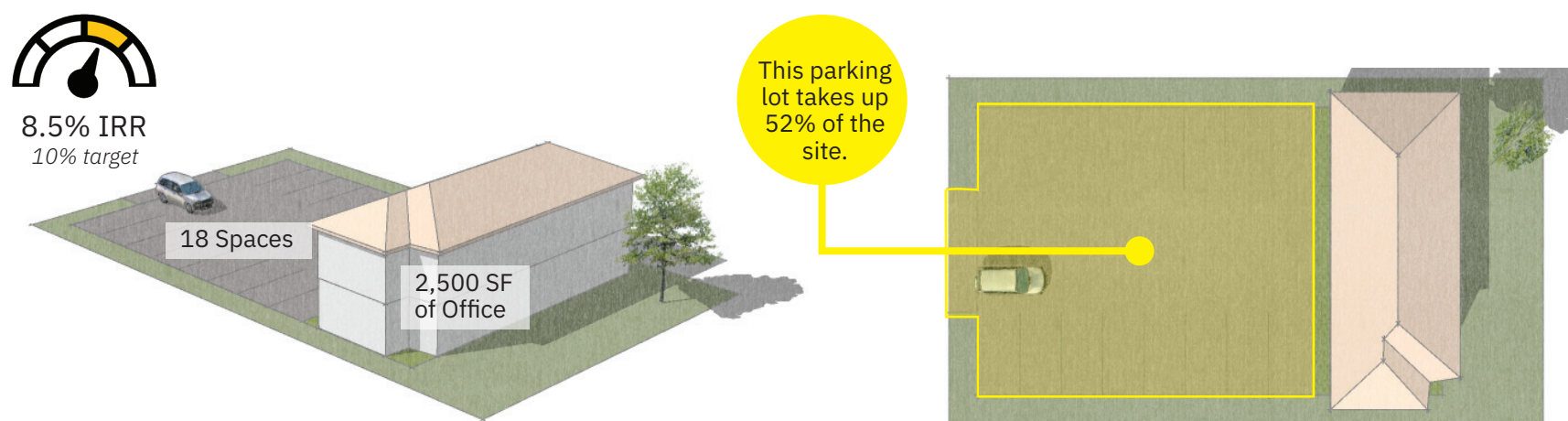


Figure 5: Oblique and aerial view of building prototype complying with existing standards for the BP zone on a 9,500 square foot lot.

Recommendations

Allow residential uses by-right: Except for single-family housing, which is a conditional use, residential uses are currently not permitted within the BP zone. This use restriction is the most significant obstacle to developing smaller scale mixed-use developments on BP-zoned properties. Permitting multifamily residential uses would enable the construction of a 2 to 3 story mixed-use buildings that combine commercial spaces on the ground floor with residential units above. Modeling this recommended set of standards results in a project that meets the 10% return target, provided that residential and commercial parking requirements are adjusted for infill sites as recommended in this report. This approach promotes more efficient land use, enhances

development feasibility, and expands housing options near the Downtown main street (see Figure 6).

It's worth noting that without a ground floor commercial requirement, this recommendation may lead to standalone residential development rather than mixed-use on BP zoned properties. Mandating ground floor commercial on all BP zoned lots is not advisable due to its financial challenges (as discussed in Section 2 of this report). However, if the City of Lincoln proceeds with the development of a downtown master plan it can identify key corners or frontage locations where ground floor requirements are important and require it in strategic locations (see Section 4 for further discussion).

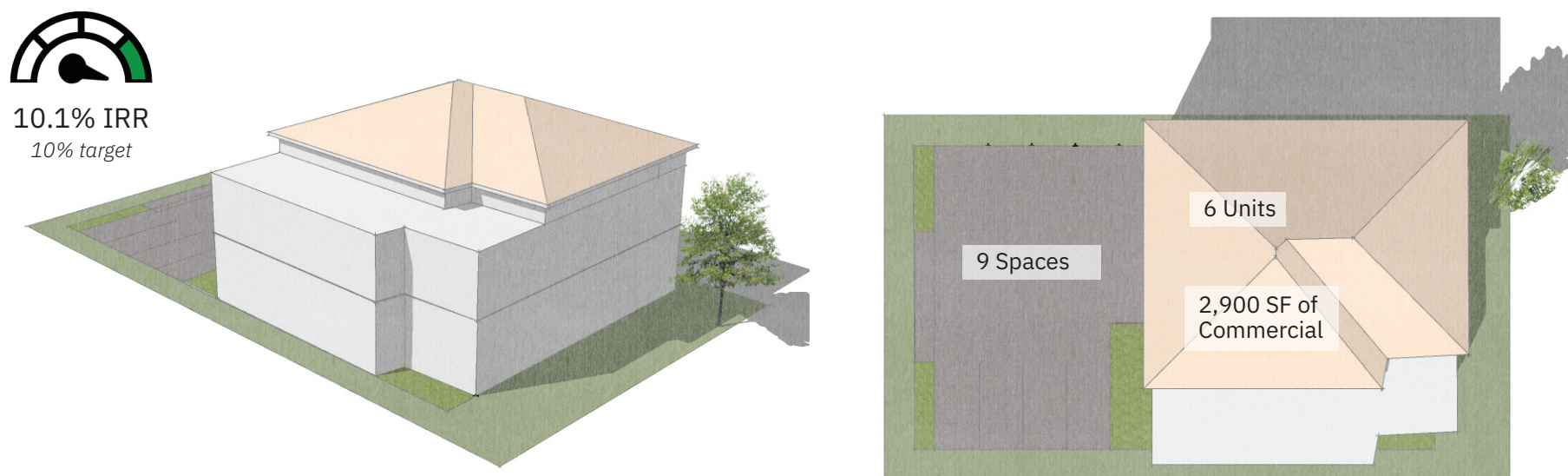


Figure 6: Oblique and aerial view of building prototype under recommended code changes on a 9,500 square foot lot.

- **Allow a wider range of commercial uses:** Currently, the BP zone restricts commercial activities to those related to business and professional services, such as medical offices, law firms, real estate services, or non-profit organizations. The lack of many professional offices in the district today points to a lack of market demand for these spaces, at least in this area. By contrast, the older houses and quiet streets in the BP zoned area lend themselves well for neighborhood-serving uses like cafes or small restaurants. Expanding the range of permitted commercial types to include more food and beverage-oriented retail options would create additional opportunities for small-scale commercial activity near the Downtown area.

It's important to note that these retail uses thrive best in areas with higher foot traffic such as corner lots or lots with significant visibility closer to the downtown area. Therefore, retail uses could be selectively allowed at key intersections or frontages. Again, a downtown master plan would allow for a more targeted application of these standards.

- **Apply 30 units per acre maximum density:**

In order to develop a smaller 6-unit building on a 9,500 square foot lot in the BP area would require allowing 30 units per acre. This scale of building fits the context of the neighborhood and would not require additional height beyond the 35-foot allowed today. It serves two key goals: expanding downtown housing options and maintaining the characteristic scale of BP-zoned neighborhoods.



*Coffee shop at the intersection of a single family neighborhood.
The Mighty Oak, Vancouver BC.*

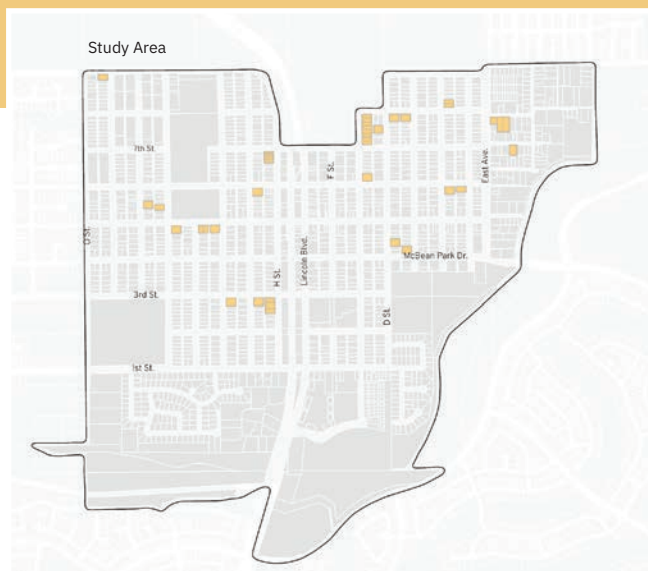
Recommendations: Summary Tables

Use Regulations	Existing Review Type	Recommended Review Type
Duplex	X	P
Triplex	X	P
Apartments (4 or more units)	X	P
Food and beverage related retail uses	X	P

P = Permitted Uses, CUP = Conditional Use Permit, X = Prohibited

Standards	Existing Requirement	Recommended Requirement
Minimum Parking Requirements	- 2 space / unit + 1 guest parking / 5 units for all bedroom types - ~4 spaces / 1,000 SF of commercial	- 0.75 spaces / unit for studios and 1-bedrooms - 1 space / unit for 2+ bedrooms - 1 space / 1,000 SF of commercial
Maximum Density	N/A	30 units/acre
Maximum Building Height	3 stories/35 ft	No change
Minimum Side Yards	Front: 20 ft Side: 5 ft Rear: 5 ft	Front: 15 ft Side: 5 ft Rear: 5 ft

R-3: MULTIPLE RESIDENTIAL DISTRICT



What is the zone's intent?

R-3 zoned lots are scattered across the Downtown Study area, typically found on street corners. R-3 is designated as High Density Residential in the General Plan. The designation's purpose is to allow for multifamily housing at densities greater than other residential designations. This designation provides for condominiums, townhouses, triplexes, fourplexes, multi-family residential units, group quarters, and similar and compatible uses.

However, applying the R-3 zone's minimum lot size and width, maximum density, and minimum parking requirements to smaller infill lots often restricts developers from building more than 3 units on R-3 zoned lots in the Downtown study area.

We recommend that the City of Lincoln remove or relax code barriers that are preventing **higher density residential development** on infill lots to be consistent with the stated General Plan policy. The following recommendations would have a significant impact on the feasibility of higher density, multifamily development.



3-Story Multi-Family Building



6-Unit Apartment Building

What code changes are necessary to support higher density residential development?

- **Remove minimum lot size standard that requires additional square footage for every additional unit**

All residential zones in the Downtown study area require minimum lot sizes that scale up by the number of attached units on the site. A single-family dwelling requires a minimum lot size of 6,000 square feet, while a duplex mandates a 6,500 square foot lot. For each additional unit beyond a duplex, an extra 1,000 square feet of lot area is required. This implies that an 8,500 square foot lot would be necessary to construct a fourplex. This approach presents significant barriers to building higher density housing types on lots in the sizes that exist today.

In the Downtown Study area, only 50% of the lots zoned R-3 meet the minimum lot size requirement for accommodating at least four units. This means that the remaining 50% of R-3 lots are limited to constructing only 1 to 3 units, a relatively

low density for a zone designated as high-density residential in the General Plan (see Figure 7). This density is in fact more in line with the type of development that is encouraged in R-2, a medium density residential zone.

Due to the constraints imposed by these standards on multifamily housing, it is recommended that a uniform minimum lot size requirement is applied across all types

of residential densities and development. By adopting this approach, smaller high-density lots would not face unnecessary restrictions in their ability to contribute to multifamily housing. This change would align zoning rules more effectively with the objective of accommodating higher-density housing options near Lincoln's Downtown.

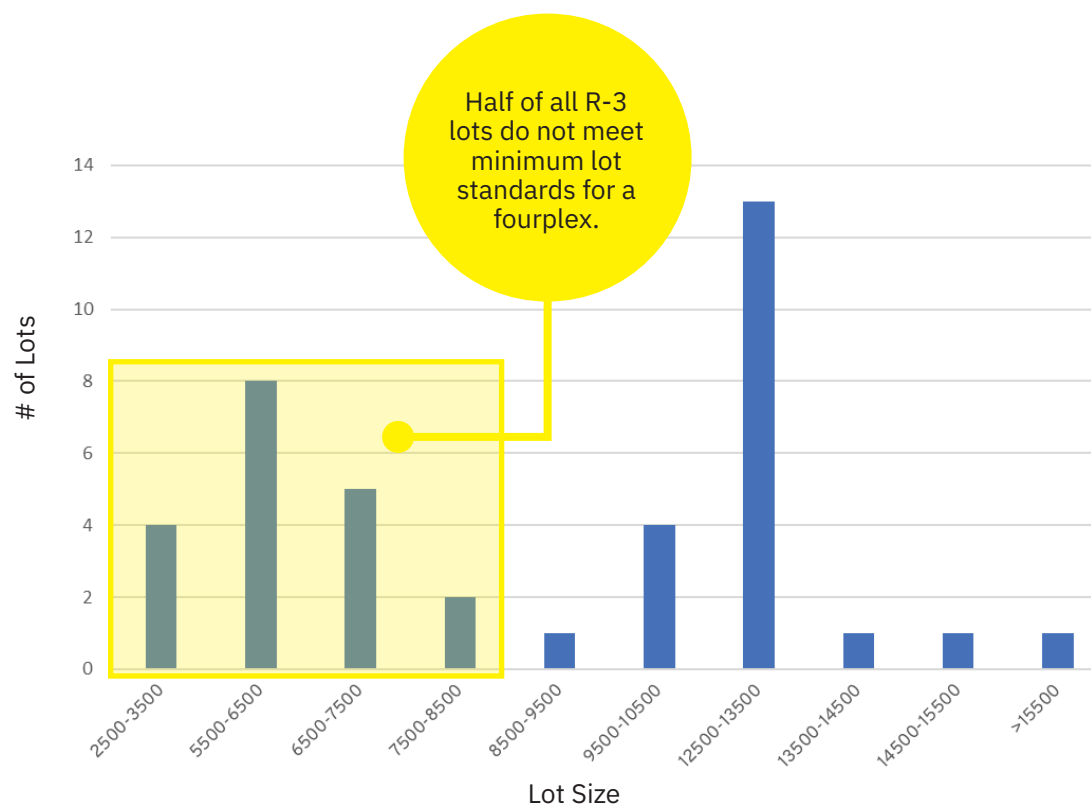


Figure 7: Number of Lots by Lot Size in R-3

- Increase maximum density**

The current maximum density specified in the general plan, set at 20 units per acre, is a relatively low density and poses a significant constraint on multifamily development within the R-3 zoned lots of the Downtown Study Area. This density limit stands out as the most impactful regulation affecting high density residential development in R-3.

To illustrate the implications of this requirement, a multifamily building was modeled using existing code standards on a 13,000 square foot lot that is currently vacant in the Downtown Study Area.

Maximum density limits is the primary reason this building prototype is limited to a 2-story building that can only fit 6 units. This project is not financially feasible (see Figure 8). While the R-3 zone allows 3 story buildings, the low maximum density does not allow a developer to fit enough units on the site to justify building the third story.

It is recommended that maximum density be raised for R-3 zoned lots to accommodate for higher density development that is suitable to the neighborhood context. This means permitting larger middle housing types, such as a sixplex, on smaller lots.

When maximum density is increased to 45 units per acre, 12 units can fit on a 13,000-square-foot lot and 6 units on a smaller 6,500-square-foot lot - both of which are typical lot sizes found in the Downtown R-3 zone. According to the model results, this adjustment would improve returns from 8.4% to 9.6%, bringing them significantly closer to the target return of 10%. Such a change is likely to incentivize developers to explore higher-density housing options on R-3 zoned lots, contributing to the growth of multifamily housing in the downtown area.

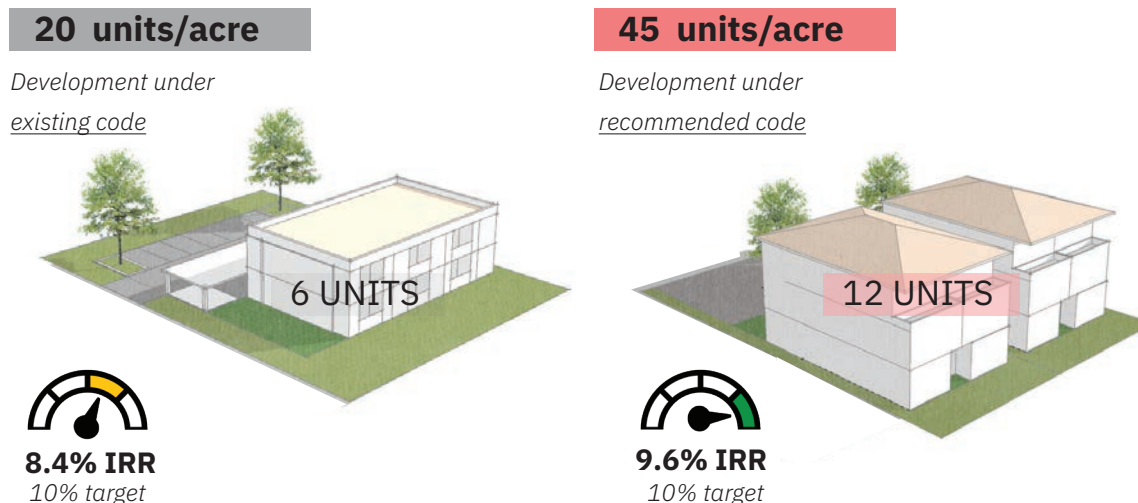


Figure 8: Return on investment results of prototypes modeled under the existing and recommended code for the R-3 zone.

- **Reduce minimum side yard requirements**

As discussed in Section 2 Key Findings, the current R-3 zoning mandates substantial minimum side yard requirements, commonly referred to as setbacks. Specifically, R-3 requires a 25-foot front setback, a 5 to 10-foot side setback, and a 15-foot rear setback.

The 25-foot front setback requirement is more typical for suburban settings, however, it is relatively large for infill locations with limited space. Similarly, the side setback requirement, especially for corner lots, which are common in R-3, can pose issues due to the narrowness of the zone's smaller

lots. For example, when applying side yard requirements to a standard 6,500-square-foot lot (50 feet by 135 feet), it leaves only 35 feet for the building width. This is a significant constraint for multi-unit projects, especially considering that the typical width of a fourplex can range from 34 to 56 feet. These setbacks, particularly when combined with parking demands and height constraints, have the potential to make higher-density developments physically impossible or financially infeasible.

To encourage higher density developments, such as fourplexes and sixplexes, on infill lots in R-3 it is recommended that side yard

requirements be adjusted to accommodate typical building widths. Specifically, front setbacks should be reduced to 15 feet, side setbacks to 5 feet and rear setbacks to 5 feet.

- **Reduce minimum lot width.**

Requiring a width of 68 ft does not align with the types of lots that exist in the Downtown study area. Most lots in R-3 are either 100 feet wide or 50 ft wide (see Figure 9). Requiring 68-foot wide lots in the R-3 zone eliminates potential development on half of the existing R-3 lots as well as the subdivision of larger R-3 lots.

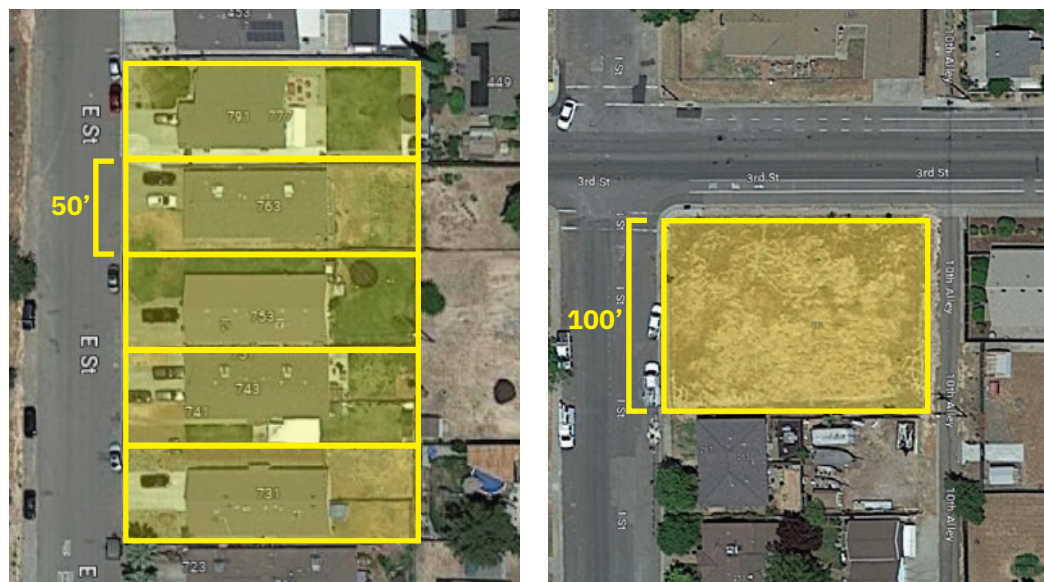


Figure 9: These lots illustrate more typical lot widths in the R-3 zone

Recommendations: Summary Tables

Use Regulations	Existing Review Type	Recommended Review Type
Condominiums	CUP	P

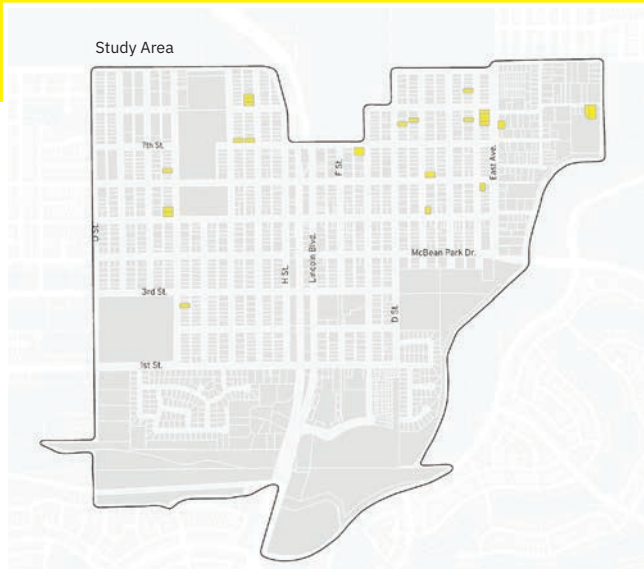
P = Permitted Uses, CUP = Conditional Use Permit, X = Prohibited

Standards	Existing Requirement	Recommended Requirement
Minimum Lot Size	6,000 SF (1 unit) / 6,500 SF (2 units) & 1,000 additional square footage for every additional unit	6,000 SF for any amount of units
Minimum Lot Width	68 ft	50 ft
Maximum Building Height	3 stories/35 ft	No change
Maximum Density	20 units/acre	45 units/acre
Minimum Parking Requirements	- 2 space / unit + 1 guest parking / 5 units for all bedroom types - 4 spaces / 1,000 SF of commercial	- 0.75 spaces / unit for studios and 1-bedrooms - 1 space / unit for 2+ bedrooms - 1 space / 1,000 SF of commercial
Minimum Side Yards	Front: 25 ft Side: 5 ft (10 ft adjacent to street on corner lots) Rear: 15 ft	Front: 15 ft Side: 5 ft Rear: 5 ft



This minimum lot size recommendation applies to residential uses permitted in all residential zones being studied in the Downtown Study Area.

R-2: DUPLEX RESIDENTIAL DISTRICT



What is the zone's intent?

There are only 24 R-2 zoned lots within the Downtown Study area and most are 6,500 square feet in size. R-2 is designated as Medium Density Residential in the General Plan and its purpose is to provide a variety of moderate intensity single family uses including detached and attached single family housing, mobile home parks, and cluster developments.

However, despite the zone's name, "Duplex Residential District," only 30% of the R-2 lots in the Downtown study area can accommodate two or more housing units under the existing zoning standards.

We recommend that the City of Lincoln adjust R-2 regulations to allow all typical R-2 lots in the Downtown study area to **accommodate at least a duplex, along with other middle housing types**. This approach encourages increased housing near Downtown while maintaining compatibility with the scale of existing single-family home neighborhoods.



What code changes are necessary to support duplex and other middle housing development?

- **Increase maximum density**

Currently, only 30% of R-2 zone lots can accommodate duplexes in the Downtown study area. This is largely due to the 12.9 units per gross acre maximum density requirement (Table 4-1 of General Plan) applied to a typical 6,500 square foot lot size, which results in 1.8 units. This low density discourages duplex development and hampers the potential for more housing options. By increasing the maximum density to 30 units per acre, which would result in 4 units on a 6,500 square foot lot, the barrier to duplex development would be removed, and other types of middle housing, such as triplexes, would be permitted on typical lot sizes in R-2. This also aligns with Lincoln's goal of encouraging multi-unit housing development close to Downtown, including those recommended in this report, like townhomes, row houses, and fourplexes, which would also help diversify housing options in the area.

- **Reduce minimum lot size, having duplexes and triplexes allowed on the same lot size.**

Currently, duplexes and triplexes require different minimum lot sizes, with duplexes needing a 6,500 square foot lot and

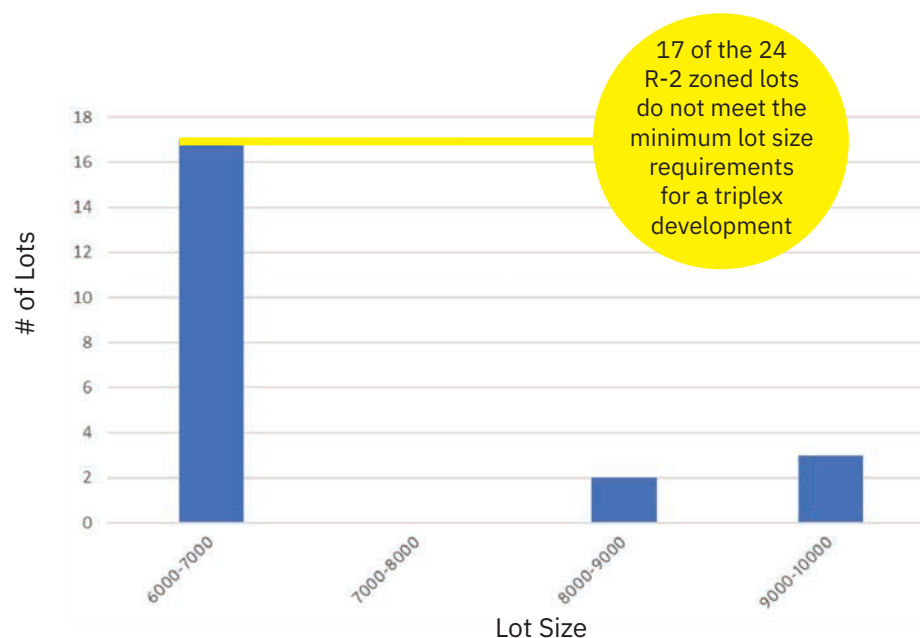


Figure 10: Number of Lots by Lot Size in R-2

triplexes requiring a larger 7,500 square feet lot. This discrepancy effectively excludes triplexes from most R-2 zoned lots in the Downtown study area (see Figure 10). To foster more housing options close to Downtown, it is important to align lot size requirements to the historical lot sizing patterns that exist in the R-2 zoned area. This report recommends reducing the minimum lot size for all residential uses in residential zones in the Downtown area to 6,000 square feet.

- **Townhouses, rowhouses and fourplexes should be allowed by-right in R-2**

The R-2 zone is generally intended to be a medium density zone district. However, by limiting the number of attached units to two

or three (duplex or triplex), the zone does not effectively encourage developers to build at medium density levels. To further encourage a diversity of housing types that create more housing opportunities near the Downtown area, it is recommended to allow up to 4 attached units in the zone. These attached units could either be designed in a single building as “stacked flats” or in a side by side arrangement in a townhome style.

If the design and compatibility of these housing types with single-family houses and neighborhoods is a concern, then there are regulatory strategies to address those issues. The primary compatibility and design issues are similar to those with single-family houses on smaller lots: bulk/scale and driveways/garages. It is

Recommendations

recommended to use model code from other communities allowing middle housing types in single family neighborhoods as a starting point for considering new standards for fourplexes, townhouses and rowhouses. (For instance, the Model Code for Middle Housing from the Oregon Department of Land Conservation and Development.)

- **Removing the minimum unit size requirement**

The 1,200 square foot unit size requirement in the R-2 zone is suitable for single-

family homes and duplexes but presents unnecessary challenges for triplexes and fourplexes, especially on the smaller infill lots common in R-2. Smaller infill lots make it difficult to accommodate multiple larger units without compromising the overall layout and functionality of the multifamily buildings. As a result, triplex and fourplex units are more likely to range from 700 to 900 square feet in order to fit into a house-scale building.

This 1,200 square foot unit size requirement indirectly discourages the development of

triplexes and fourplexes on smaller lots, dissuading developers from pursuing such projects. It is recommended that Lincoln reevaluates and potentially removes this unit size requirement to better align zoning regulations with the realities of smaller lots. This change would enable the construction of multi-unit middle housing types that are more compatible with single family neighborhood settings while addressing the need for more affordable, smaller homes.



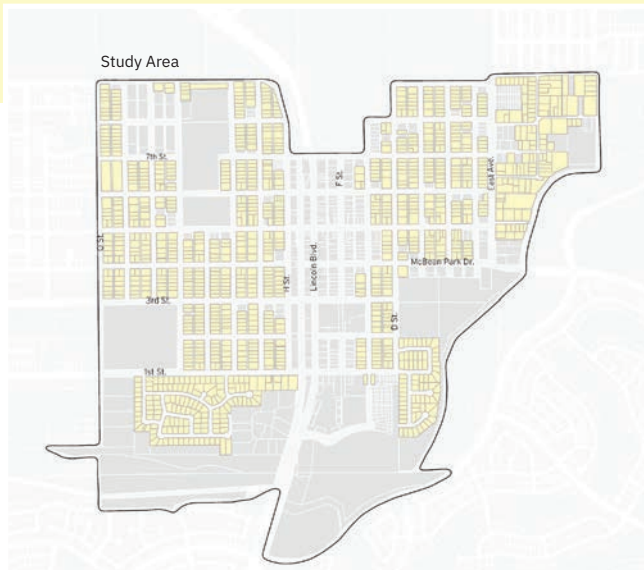
Recommendations: Summary Tables

Use Regulations	Existing Review Type	Recommended Review Type
Fourplex	Undefined	P
Townhomes	X	P
Rowhouses	X	P

P = Permitted Uses, CUP = Conditional Use Permit, X = Prohibited

Standards	Existing Requirement	Recommended Requirement
Minimum Lot Size	6,000 SF (1 unit) / 6,500 SF (2 units) & 1,000 additional square footage for every additional unit	6,000 SF for any amount of units
Maximum Density	12.9 units/acre	30 units/acre
Minimum Parking Requirements	- 2 space / unit + 1 guest parking / 5 units for all bedroom types - 4 spaces / 1,000 SF of commercial	- 0.75 spaces / unit for studios and 1-bedrooms - 1 space / unit for 2+ bedrooms - 1 space / 1,000 SF of commercial
Minimum Unit Area	1,200 SF	Remove standard
Minimum Side Yards	Front: 25 ft Side: 10 ft Rear: 15 ft	Front: 15 ft Side: 5 ft Rear: 5 ft

R-1: SINGLE FAMILY RESIDENTIAL DISTRICT



This report does not propose any additional code changes for the R-1 zone beyond what SB9 already permits. However, it is essential that City of Lincoln staff establish a defined application process that includes clear guidelines and criteria for property owners interested in utilizing SB9. This process should be designed to avoid any potential confusion or delays associated with SB9 applications.

Senate Bill 9 and its application to Single Family Zones

Senate Bill 9 (SB 9) (Chapter 162, Statutes of 2021) requires ministerial approval of a housing development with no more than two primary units in a single-family zone, the subdivision, or ‘splitting’, of a parcel in a single-family zone into two parcels, or both. SB 9 can facilitate the creation of up to four housing units in the lot area typically used for one single-family home.

Key aspects about SB9:

Up to four units: SB 9 allows up to 4 units on a single-family zoned lot -- at most two primary units on a whole parcel or, in the event of lot splitting, two units on each split parcel, which would add up to four total units.

Minimum Parcel Size: In order to be eligible for development under SB 9, parcels must be at least 2,400 square feet in size. Smaller lots may not qualify unless jurisdictions decide to further reduce the minimum lot size requirement.

Local Regulations: While SB 9 streamlines the approval process for eligible projects, it does not entirely override local regulations. Local agencies can still apply other regulations, however, they are required to adjust or remove them on a project-specific basis if those regulations prevent the subdivision of a parcel into two lots of at least 2,400 square feet in size or the construction of up to two units that are at least 800 square feet each.

Exemptions: SB 9 does not apply to certain properties and areas, including those located within historic zones, flood zones, fire hazard zones, earthquake fault zones, hazardous waste sites, prime farmland, or other environmentally protected areas like conservation zones and endangered species habitats.

Protection of Existing Housing: SB 9 cannot require the alteration or demolition of any rent-controlled or moderate, low, or very low income housing.

What is the impact of SB9 on lots zoned R-1 in the Downtown Study Area?

The impact of SB9 on lots zoned R-1 in the Downtown Study Area is likely to be somewhat limited, particularly given that these lots are largely built out and characterized by narrow dimensions (50 feet by 135 feet).

Most of these lots already have single-family homes in place, so property owners considering additional units would likely need to undertake

significant redevelopment or alterations. This can pose practical and financial challenges for many property owners. Furthermore, due to the narrow nature of R-1 zoned lots, adding new units may be physically difficult, given the constraints imposed by existing structures and limited available space.

Given these factors, property owners of R-1 zoned lots in the Downtown study area may not choose to utilize SB9. Many factors including

local market conditions, local regulations, and individual property owner preferences, will shape the extent to which SB9 influences this specific area.

To further encourage the utilization of SB9 for expanding new housing opportunities in R-1, the City of Lincoln can explore additional incentives beyond the provisions outlined in the state law.

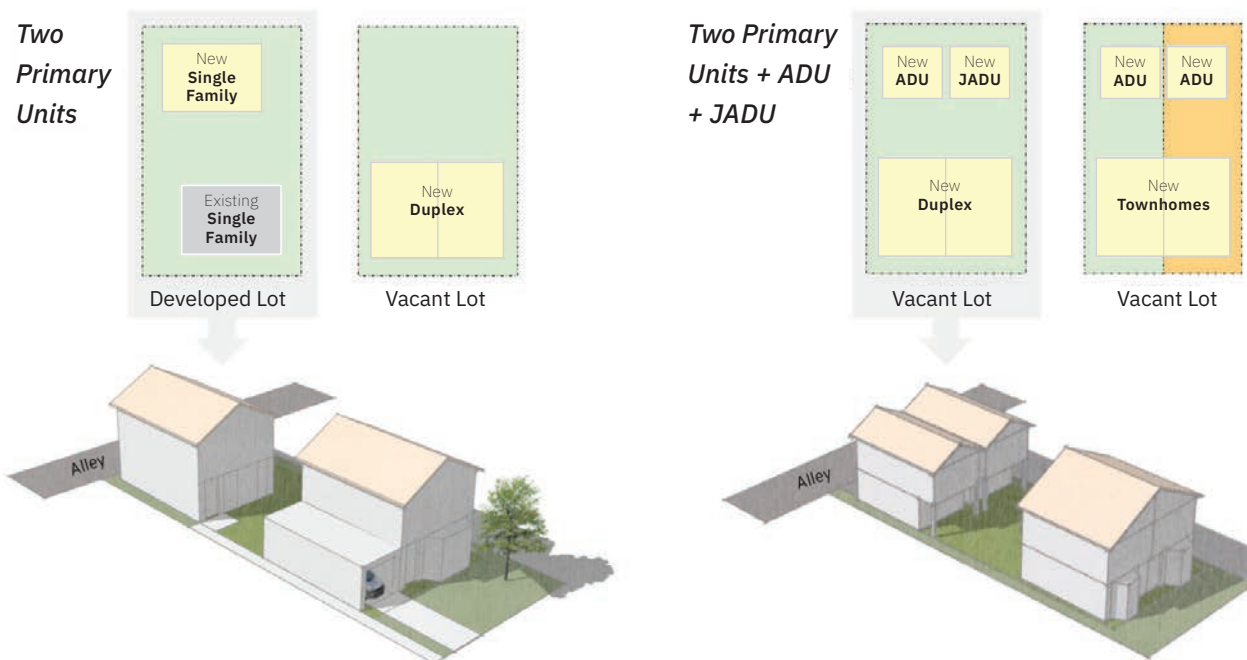
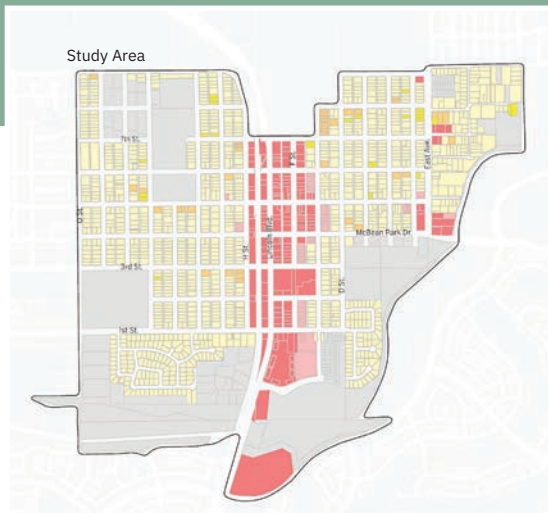


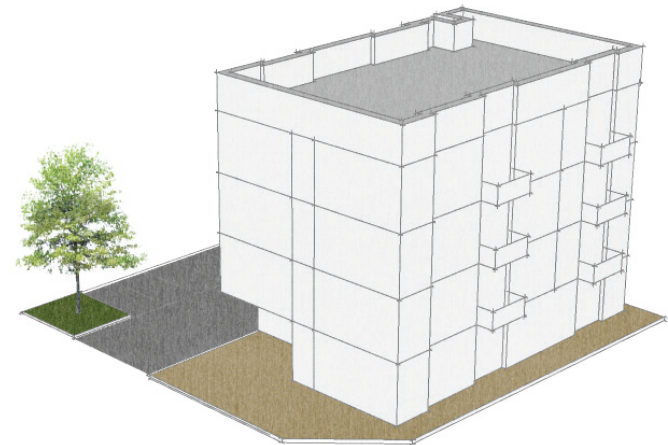
Figure 11: Some examples of SB9 permitted development on typical lot sizes in R-1 (6,500 square feet)

ALL ZONES



Recommendations related to parking regulation

- Parking in lieu fees are not a substitute for reducing minimum parking requirements:** Parking in lieu fees should not be viewed as a substitute for reducing minimum parking requirements, especially if the goal is to encourage higher-density housing and mixed-use development in Downtown. Parking in-lieu fees provide developers with an option to avoid constructing on-site parking spaces but come at a high up-front cost. This added financial burden, in conjunction with regular construction expenses, can strain project budgets and render the project less viable. To illustrate this impact, the rate of return of two building prototype scenarios was analyzed — one incorporating the fee and the other not (see Figure 12). In this scenario, parking in-lieu fees amount to \$103,000, comprising 20% of all planning fees linked to the project. Such fees have the potential to discourage development, particularly for smaller developers operating with constrained resources. Reducing Lincoln's high minimum parking requirements offers a more effective and equitable approach to encouraging development that Lincoln wants to see in its Downtown.



Recommended Code Prototype for Commercial District

**Reduce parking
with fees**



9.3% IRR

**Reduce parking
without fees**



9.7% IRR

Figure 12: Removing fees gets this project very close to its 10% rate of return target, improving the likelihood that a developer would pursue a mixed-use project in the Commercial District.

- **Allow parking in rear side yards to use alleyways:** The Downtown study area features a well-established grid of streets, complemented by an extensive network of alleyways. These alleyways are a valuable yet often overlooked urban asset, providing an excellent opportunity to enable parking access from the rear of a lot. This arrangement optimizes the available lot space for building purposes by eliminating the necessity of a driveway across the site, connected to parking at the back or side of the lot. Currently in the zoning code, parking is not allowed in the side yards (including rear), making it difficult to fully leverage alleyways for efficient use of the lot and parking access. To address this issue, it is recommended that the zoning code be revised to permit parking in side yards directly connected to alleyways, whether situated at the rear or side of a lot.
- **Consider removing the requirements around carport and garage parking:** All residential uses, including apartment units, are mandated to place parking in a garage or carport, with entrances required to be screened from the street. This requirement can impose unnecessary costs on the project, particularly if the project layout inherently provides screening for parking behind a building.
- **If parking reductions are significant, consider re-evaluating maximum lot coverage:** Currently, maximum lot coverage standards only apply to the building footprint, and not the parking footprint. Lot coverage limits will become a development barrier if the City decides to significantly reduce parking requirements. The City of Lincoln may need to review and modify the maximum lot coverage standards concurrently with parking reductions to ensure they do not hinder the building potential that is enabled by reduced parking requirements.



Image of parking placed in the rear of a mixed use building, screened from the main street

Recommendations related to procedural review processes

- **Consider further studying the procedural barriers of all residential uses to avoid discretionary reviews:** Discretionary review processes for development can introduce uncertainty, delays, and increased costs for developers. These processes involve subjective decision-making, considering various factors, opinions, and community input. While this type of oversight aims to align developments with community goals, they often lead to inconsistent and unpredictable decisions, lengthy timelines, and higher expenses. Consider the findings required in order to approve a townhome project highlighted in Figure 13. Decision makers may have very different opinions on what *‘makes a positive contribution to the overall character of the area and will be compatible with its surroundings’*, making it unclear to developers what type of project could get approved. This approval uncertainty can discourage certain developments, even when City policy technically encourages them in certain areas. For example, although mixed-use residential projects are encouraged for Downtown in the General Plan, these projects would be subject to a discretionary review process given that residential uses require a conditional use permit. Subjective approval criteria can deter developers pursuing a mixed use project in the Downtown (see Figure 14).

Ensuring that new developments align with community objectives and also providing developers with clear, efficient, and predictable pathways for project approvals is an important balance to strike. It is recommended that Lincoln replaces subjective criteria with clear development and design standards that reflect the type of development desired in the Downtown. Objective design standards can help cities influence building form without subjecting projects to discretionary decision-making. The city can still require additional review, such as design reviews, but it is recommended that the criteria for project approval be objective and clear. For more information on how to address discretionary procedural barriers, refer to the memorandum prepared for the City entitled *Overview of SB 35 Ministerial Review and Objective Design Standards*.

Figure 13: Excerpt from Section 18.16.100(b) - Performance standards for townhouses, rowhouses and condominiums

- (b) The above-referenced performance standards shall not be allowed and a conditional use permit for the townhouses, rowhouses, and condominiums shall not be approved if all of the following findings cannot be made:
- (1) That the height, setbacks, lot coverage, building massing, architectural style and quality, or other standard, makes a positive contribution to the overall character of the area and will be compatible with its surroundings;
 - (2) That the standard will not result in unreasonable restrictions of light and air to adjacent properties or the public rights-of-way, or otherwise be detrimental to the public health, safety, and welfare; and

Figure 14: Excerpt from Section 18.56.020(b) - Findings required (for conditional use permit).

The city council is aware that from time to time persons in possession of property desire to use property for purposes which are not specifically provided for in this title. In order to carry out the intent of this title and to promote the general welfare of the community, the city council authorizes the planning commission to grant conditional use permits for uses which are not provided for in the district, subject to the following:

- (1) A finding by the planning commission that the use is substantially similar in characteristic to a use or uses currently within the district;
- (2) A finding by the planning commission that the use would be appropriate in the district applicable to the property as a permitted or conditional use;
- (3) A finding by the planning commission that the proposed use, with the appropriate conditions, will not be detrimental to the health, safety,

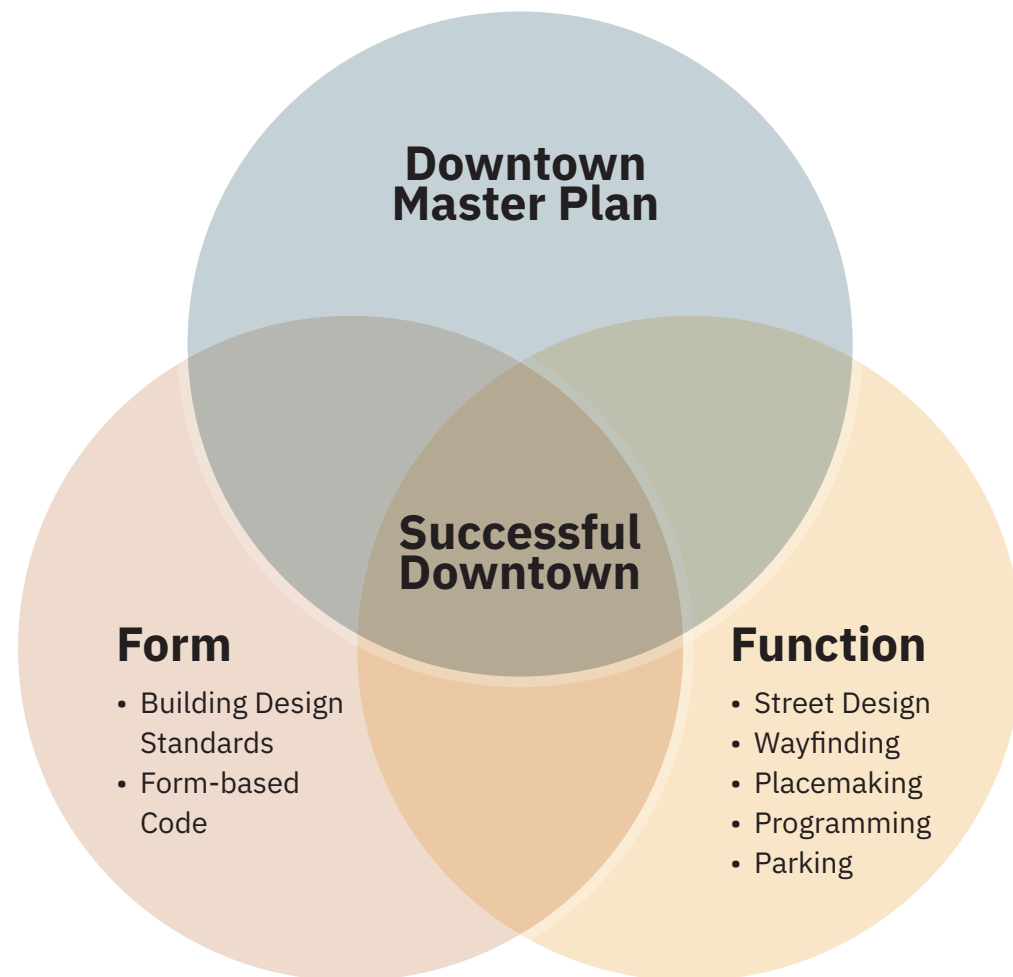
04 Next Steps

Successful and Thriving Downtowns Rely on a Clear Vision and Focused Actions

The zoning recommendations in this report represent important first steps for Lincoln's downtown. But a successful downtown relies on more than just functional zoning standards. Main streets rely on a clear vision for how they should function, what they should provide to the community, the hierarchy of places (where's the center?), and how the neighborhoods surrounding downtown can support the vision. In other words, a Downtown Master Plan.

In addition, the best downtowns in America have specially designed streets, with wide and shaded pedestrian areas, gathering places for events and play, calm and slow traffic that allows shoppers to access parking but restricts trucks and highway speeds. As part of the Downtown Master Plan, we recommend including a pedestrian-oriented street design and district-wide parking plan.

Lastly, while most of the zoning recommendations in this report are focused on achieving the types of form and function that support a healthy downtown, this is not a substitute for a comprehensive Form-Based Zoning Code that includes Objective Design Standards. The City may want to more fully investigate whether a Form-based Code (or at least more form-based elements) is needed for the greater downtown area.



Establish a Common Vision - A Downtown Master Plan

A Master (or Specific) Plan for Downtown can serve as an action-oriented roadmap that articulates a clear community consensus around what role downtown should play in the community, defines the different parts of downtown (and a hierarchy of places, like the center), and identifies specific actions and investments, including placemaking and regulatory changes.

The closest thing Lincoln has to a downtown plan is the Urban Design Plan completed 33 years ago in 1990. Many things have changed in Lincoln since then, and a fresh community vision for downtown may be warranted. Without a vision, there is no consensus around where the center of downtown is, which corners are most important, where businesses should be required on the ground floor of buildings to support the heart of downtown, and what amenities the community wants in downtown (like streetscape enhancements or plazas) that could increase activity and investment.

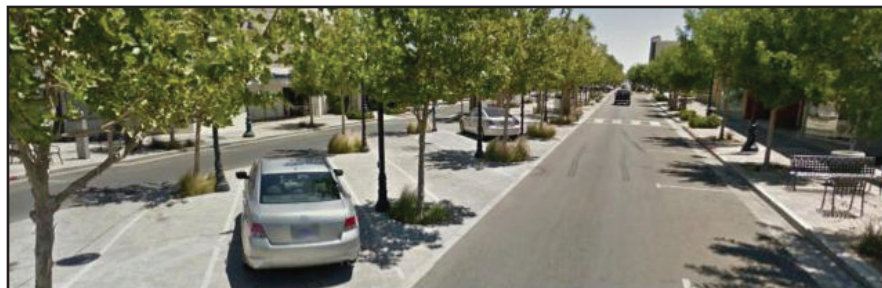
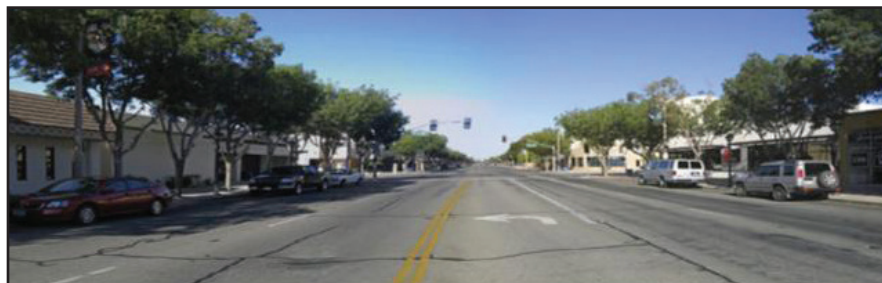
It is common for cities to create a focused vision for specific neighborhoods. Citrus Heights produced a Specific Plan that reimagines the heart of the City, and sets goals and objectives that help guide them through their neighborhood transformation.



Street Design is Key

Successful downtowns share some common elements, and among the most important are safe and pleasant streets. Main Streets cannot be everything to all users, and still be successful main streets. Highways or truck routes that also try to function as main streets are not pleasant for people to walk or sit outside due to the loud noises and exhaust smells that come from lots of fast moving traffic. Higher speeds can also make using on-street parking difficult and inconvenient for customers - and plentiful on-street parking is the lifeblood of downtown businesses.

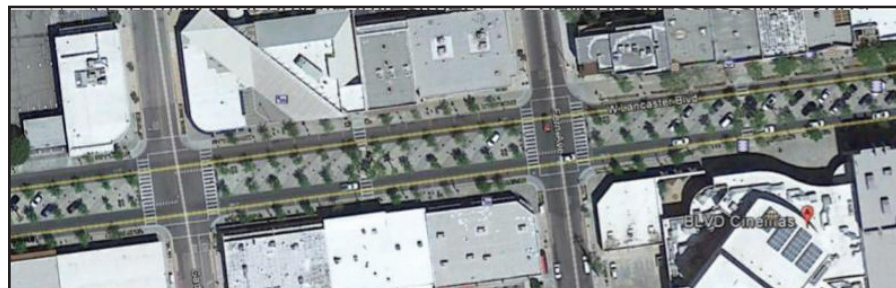
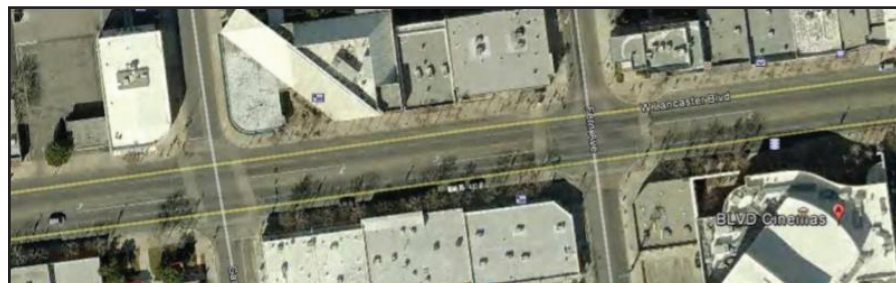
Street View



A reimagined main street in the Downtown of Lancaster, CA has catalyzed millions of dollars in new private development investment.

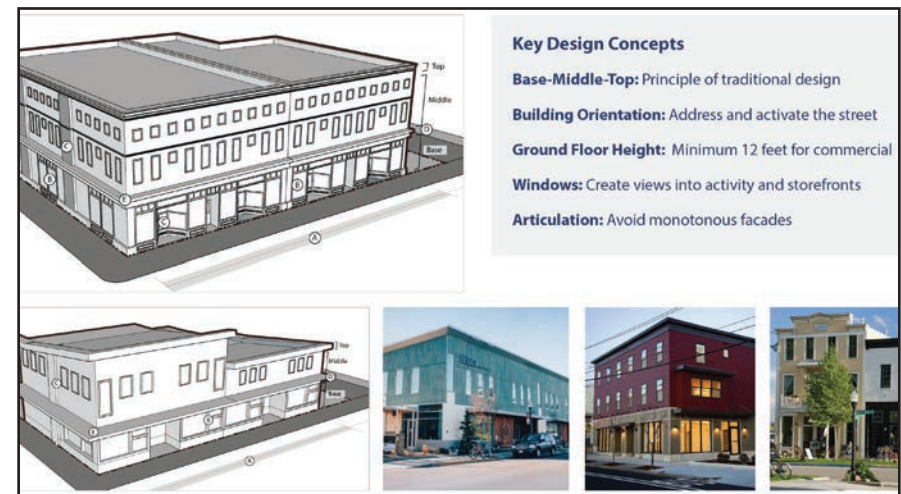
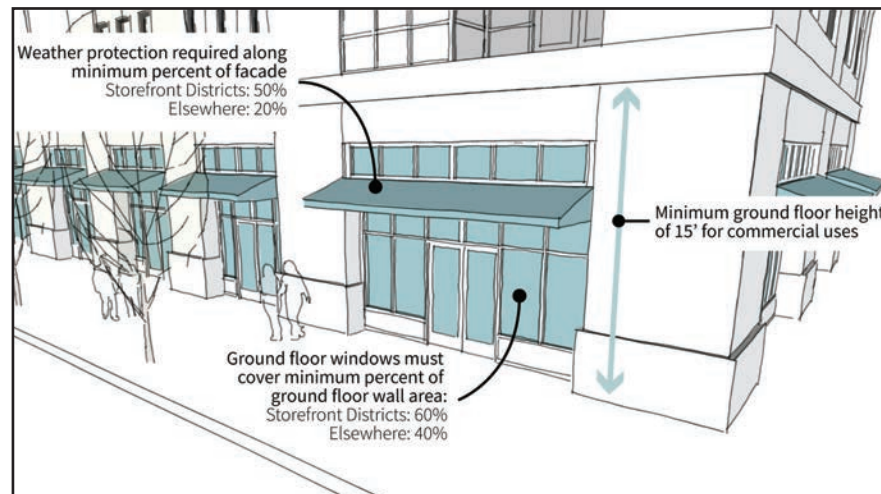
As part of a master planning process for downtown, Lincoln should evaluate options for creating (and extending) a truly special main street on Lincoln Boulevard and other important downtown streets and intersections. As part of this design process, the needs of pedestrians and short-term, on-street parking customers should be prioritized. To help effectuate this, alternative routes will need to be identified for heavy trucks.

Aerial View



Comprehensive Form-based Design Standards Code Update May be Warranted

Many of the zoning recommendations in this report focus on tweaking the current zoning standards to achieve the desired building forms for both main street-style buildings or middle housing types in the surrounding neighborhoods. Implementing these changes will improve the feasibility of priority building types in the greater downtown area, but a more comprehensive form-based code and/or downtown design standard update may be warranted to more clearly define key design details for certain locations, like key corners or frontages, or for certain middle housing typologies.



Examples of key design concepts and standards