

### **C3 - R-3 zoned parcels, potential increase**

**Study area defined.** The study area is comprised of portions of the Bowers Acres Subdivision. The area is bounded mostly by Ninth Street and some of Tenth Street on the north, H Street on the east, mostly Seventh Street and some of Eighth Street on the south and B Street on the west (Attachment 1).

**Rationale for choosing the study area.** The purpose in looking at the R-3 districts is to determine if potential exists for additional residential units in R-3 zoned properties. In order to make this determination, an R-3 zoned lot must either be vacant or contain less than three dwelling units, since all R-3 zoned properties are permitted to have three or more dwelling units. Staff looked at all of the currently zoned R-3 districts for either vacancy or the potential to build additional dwelling units. This area became the only area for further study because it had the greatest number of under-utilized properties (not multi-family).

**Projection.** Under existing zoning and General Plan land use designation there are 88 R-3 lots within the study area. Of these R-3 lots, there are 43 lots currently with multi-family uses, 7 lots with office and church uses, 23 with single family residential use only, and 15 with duplex use. For the purposes of this study, only the 38 lots with single family and duplex residential uses were evaluated. The methodology used to determine the capacity of these lots was to take the total area of the lots, multiply the area by the allowable floor area ratio, then divide the outcome by the amount of area per unit (1,000 square feet) required parking and open space per unit (equivalent to 950 square feet). Performing these calculations yields a raw number of 77 units. However, because 53 units already exist upon these lots, a net gain of 24 units would be realized. This number is lower than the historical trends within this area. It appears likely that financial feasibility and developer interest will remain relatively consistent. Taken into account with the historical trends, staff finds that an estimate of a net gain of 24 units through 2013 is reasonable.

**Basis.**

Financial feasibility: For all of the underutilized properties within the study area, additional units are a way for owners to gain income on their property. The cost of constructing additional units varies from about \$150/square foot to \$200/square foot based upon the number of stories involved, existing site conditions, and size of potential projects. Using this information, an additional 1,000 square foot unit could cost approximately \$150,000 to \$200,000. In cases where a single family residence exists and sufficient area is available to build two or more additional units, the costs will begin at approx. \$300,000, not including site preparation, demolition, and plan preparation costs. With these costs, the number of investors able to develop lots with these types of opportunity is limited. Commercial loans provided by a private lender may be provided with a higher interest rate than many individual property owners can afford, but perhaps these costs can be outweighed by the income that can be generated with additional dwelling units. R-3 lots do not have a specific unit maximum, and development of these lots are only limited by zoning standards and General Plan maximum densities.

Developer/owner interest: Financial feasibility, opportunity, and historical trends indicate that property owners have been able to afford expanding the number of dwelling units in this area. Individual property owners may determine that preserving open space or adding floor area to the existing primary dwelling unit are preferable to developing additional dwelling units. Additional dwelling units typically occupy existing open space or floor area of the existing primary dwelling unit. It should be noted that within this district, a variety of housing types and other uses exist that may be conducive to the development of increased density. Ultimately, developer/owner interest will be dependent upon the cost to potential income ratios, as well as individual goals and preferences.

Historical trends: Staff established a time period of January 2000 to June of 2007, to gather historical data for the study area. Staff found that for the study

area, 33 additional dwelling units were constructed from this timeframe. We note that the Housing Element update covers a time period of 7.5 years (January 2006 to June 2013). The historical data collected was for the 7.5 year period from January 2000 to June 2007.

**Staff assumptions.**

No additional incentives or changes in zoning to facilitate greater interest in building additional dwelling units, then there is no greater likelihood of more units being constructed than what has been constructed historically.

**Committee member notes/comments.**

# Attachment 1

