



DEVELOPMENT FEASIBILITY ANALYSIS | CONFIDENTIAL

3811 PORTOLA DRIVE

Santa Cruz, California 95062 | APN: 032-051-22

0.495 Acres | Zoning: C-2 Community Commercial | Pleasure Point Commercial Corridor

PARCEL SIZE 21,562 SF / 0.495 Acres	ZONING C-2 Community Commercial	BASE DENSITY 22 Units (45/acre)	REALISTIC MAX 14–16 Units
VIAIBLE HEIGHT 2 Stories Only	MAX PARKING 40 Spaces (Podium)	COMMERCIAL REQ. 7,200 SF (80/20 Rule)	40+ UNIT CLAIM NOT FEASIBLE

Key Finding

The 40+ unit claim is NOT FEASIBLE. Two development scenarios demonstrate the constraints:

OPTION 1 — Theoretical Maximum (Ignoring Parking): 28 units. Base density (22) + 20% density bonus + 6 ADU conversions. Assumes unlimited parking. NOT REALISTIC.

OPTION 2 — Parking-Constrained Reality: 14–16 units. The 80/20 commercial requirement forces 7,200 SF of commercial space requiring 24 parking spaces. Ground floor podium maximum: 40 spaces. Residential spaces remaining: 16 = 14–16 units maximum. REALISTIC MAXIMUM.

The 40+ unit claim represents a 60–175% overstatement. Parking is the true binding constraint.

TROY HINDS

831.706.6224 | REALTOR® | DRE 01803325 | troy@collectiverealestate.com

8x President's Club Elite | 2023 #1 Top Individual Agent | Presented by Collective Real Estate at David Lyng Real Estate

PROPERTY COMPARISON

Property Comparison — 3811 Portola Drive vs. 21245 E Cliff Drive

Metric	3811 Portola Drive	21245 E Cliff Drive
Parcel Size	21,562 SF (+40%)	15,430 SF
Base Density (45/acre)	22 units	16 units
Viable Height	2 stories*	3 stories
Option 1: Theoretical Max	28 units (22 + 6 ADU)	20 units (16 + 4 ADU)
Option 2: Parking-Constrained	14–16 units	20 units

*3 stories technically permitted per SCCC 13.10.334(D) but economically infeasible: stepback requirements limit third floor to ~7,000 SF while triggering +\$55–95/SF construction cost premium across the entire building.

ZONING ANALYSIS

Zoning & Density Analysis

Calculation	Result
Base Density (C-2, 45 units/acre)	0.495 acres × 45 = 22.275 → 22 units (base)
With Density Bonus (20%)	22 × 1.20 = 26 units + 1 concession + 2 waivers
With ADU Conversions	25% of base (rounded up) = 6 ADUs → Total: 28 units (22 + 6)
Commercial Requirement (80/20)	At 36,000 SF total: 28,800 SF residential / 7,200 SF commercial required
Parking-Constrained Reality	Only 16 residential parking spaces available → Maximum 14–16 units

HEIGHT ANALYSIS

Height Constraint Analysis

SCCC 13.10.334(D) imposes strict third-story restrictions that render a three-story building economically infeasible at this site.

› SCCC 13.10.334(D) — Third-Story Restrictions - Must be set back 10’ from front/sides, 30–40’ from rear - Located toward middle of parcel - One- and two-story street-facing facades required - Height exceptions / variances NOT ALLOWED - Third floor area after stepbacks: ~7,000 SF (39% of ground floor)	› Economic Analysis 2-Story: 36,000 SF @ \$350–400/SF = \$12.6M–\$14.4M 3-Story: 43,000 SF @ \$405–495/SF = \$17.4M–\$21.3M (+38–48% cost for only +19% area) Marginal cost: 7,000 SF third floor = \$4.8M–\$6.9M incremental = \$400K–\$690K per unit added Conclusion: Marginal cost meets / exceeds market value (~\$500K–\$600K/unit). 2-story is the only viable option.
---	--

PARKING ANALYSIS

This analysis is based on current Santa Cruz County zoning regulations (SCCC Chapter 13.10.334), Coastal Zone policies, and publicly available property records. It does not constitute legal advice or a guarantee of entitlement approval. Actual development potential must be confirmed through pre-application consultation with County Planning.

Parking Constraint Analysis — The Binding Limitation

2-Story Building (36,000 SF)	Spaces	Basis
Commercial (20%): 7,200 SF requirement	24 required	1 space per 300 SF
Ground floor podium capacity	40 max	14,000 SF ÷ 350 SF/space
Residential spaces available	16 spaces	40 – 24 = 16
Maximum Residential Units	14–16 units	Regardless of density allowance

› Residential Parking Standards

Scenario (16 spaces available)	Spaces/Unit	Max Units
All units ≤750 SF	1	16 units
All units >750 SF	2	8 units
Mixed: 12 × ≤750 SF + 2 × >750 SF	1 + 2	14 units

Key Finding

28,800 SF of residential capacity could theoretically accommodate 48 units at 600 SF/unit — but parking caps development at 14–16 units.

Base density (22 units) and theoretical maximum (28 units) are both irrelevant. Parking is the actual binding constraint.

DEVELOPMENT OPTIONS

Development Options Comparison

› Option 1 — Theoretical Maximum NOT REALISTIC 28 Units — Assumes unlimited parking capacity 22 residential units (base density) + 6 ADU conversions 2,500 SF commercial (assumes density bonus concession reducing required 7,200 SF) 2 stories - Fatal flaw: Commercial requirement is 7,200 SF (24 spaces), not 2,500 SF. Total parking needed: 50 spaces. Ground floor holds only 40 maximum.	› Option 2 — Parking-Constrained Reality REALISTIC 14–16 Units — Accounts for actual parking constraints 14 residential units 7,200 SF commercial (80/20) 2 stories - Unit mix: 12 × 1BR @ 700 SF (8,400 SF) + 2 × 2BR @ 900 SF (1,800 SF) - Total building: 17,400 SF (10,200 residential + 7,200 commercial) - Parking: 16 residential + 24 commercial = 40 spaces (exactly at capacity) - Construction cost: ~\$350–400/SF × 17,400 SF = \$6.1M–\$7.0M - Entitlement timeline: 12–15 months
---	--

FEASIBILITY ASSESSMENT

Why 40+ Units Is Not Feasible

Constraint	Impact
Base Density	Base density is 22 units (45 units/acre). 40 units requires 82 units/acre — NOT PERMITTED.
Parking Capacity	40 units requires ~64 spaces (24 commercial + 40 residential). Maximum capacity: 40 spaces. PHYSICALLY IMPOSSIBLE.
Height Economics	3-story stepbacks limit third floor to 7,000 SF while triggering +\$55–95/SF cost premium. Marginal cost/unit (\$400K–\$690K) exceeds market value (~\$500K–\$600K).
80/20 Commercial Ratio	7,200 SF commercial required (20% of building). Commercial parking alone (24 spaces) consumes 60% of total parking capacity.

ENTITLEMENTS

Entitlement Requirements

› Required Approvals - Level 6 (Planning Commission): Conditional Use Permit (15+ units) - Coastal Development Permit (intensification in Coastal Zone) - Administrative Site Development Permit - Design Review (Pleasure Point Commercial Corridor) - Density Bonus Application (20% increase, concessions, waivers)	› Timeline - Design Development: 2–3 months - Planning Review: 6–8 months - Coastal Commission Review: 2–4 months - Total Entitlement Timeline: 12–15 months
---	---

› Critical Path Items

- › Confirm replacement unit requirements if existing residential tenants are low/very low income
- › Parking strategy — shared parking agreement between commercial and residential components
- › Height waiver justification — unlikely to succeed given Coastal Zone special community designation
- › Commercial tenant coordination during construction

FINANCIAL ANALYSIS

Financial Reality Check

If seller pricing assumes 40+ units but the buyer can only deliver 28 units, there is a fundamental 30–43% value gap — before any construction costs, entitlement risk, or market factors are considered.

Property	Units / Parcel	SF per Unit
E Cliff (comparable)	20 units on 15,430 SF	771 SF/unit
Portola — 40-unit claim	40 units on 21,562 SF	539 SF/unit — IMPLAUSIBLE

Portola — Realistic (28 units)	28 units on 21,562 SF	770 SF/unit — Aligns with E Cliff
--------------------------------	-----------------------	-----------------------------------

The realistic Portola density aligns exactly with E Cliff precedent. The 40+ unit claim implies either impossibly tight unit sizing or density that zoning simply does not permit.

CONCLUSION
Conclusion

The 40+ unit development claim for 3811 Portola Drive is not supported by Santa Cruz County zoning regulations, Coastal Zone restrictions, or physical site constraints — and represents a 60–175% overstatement depending on which constraint is applied.

› Option 1: Theoretical Maximum — NOT REALISTIC 28 units based on base density + density bonus + ADU conversions. Ignores parking constraints and commercial requirements.	› Option 2: Parking-Constrained Reality — REALISTIC MAXIMUM 14–16 units limited by parking. 80/20 commercial requirement forces 7,200 SF commercial (24 spaces), leaving only 16 residential spaces from the 40-space maximum.
---	---

Value Gap Warning

Acquisition pricing based on 40+ unit assumptions creates a fundamental 60–65% value gap before accounting for construction costs, entitlement risk, market conditions, or execution risk — and likely negative returns given realistic development capacity.

The property faces MORE SEVERE height restrictions than E Cliff (Coastal Zone 1–2 story limit vs. waiverable 3 stories). The 40% larger parcel translates to 40% more units (28 vs. 20) — not the 100%+ increase implied by the 40-unit claim.

TROY HINDS
831.706.6224 | troy@collectiverealestate.com
REALTOR® | DRE 01803325 | 8x President’s Club Elite | 2023 #1 Top Individual Agent
Presented by Collective Real Estate at David Lyng Real Estate