

Micro-unit apartment complex, with 406-square-foot studios, coming to North Park

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By Phillip Molnar March 17, 2022 5:15 AM PT For subscribers

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Construction started this week on 4250 Oregon Street, which will have 94 apartments averaging under 600 square feet.

(Benjamin Arcia of McCullough)

The San Diego apartment building is in a L-shape around the San Diego Chicken Pot Pie Shop.

North Park is getting a new \$35 million apartment building with some of the smallest units in San Diego.

Construction started this week on 4250 Oregon Street, which will have 406-square-foot studios and 593-square-foot one-bedrooms.

The project is a pointed example of infill development, occupying a 16,000-square-foot parcel of land with 94 apartments near the North Park Water Tower.

Rental rates have not been determined yet, partly because the complex is not due to open until summer 2023. But it is anticipated they will be lower than the surrounding newer buildings because of the apartment sizes.

The project is a joint venture between New Mexico-based Titan Development and Thornburg Real Estate Ventures, as well as San Diego's Malick Infill Development.

"As construction costs are rising, and the demand for housing is escalating, you can't provide 750-square-foot one-bedroom units to everybody," said Josh Rogers, Titan Development senior vice president.

He said smaller apartments are a way to keep rental rates down, especially in expensive markets like San Diego. By increasing density, developers can achieve a lower cost per unit and maximize space, said Rogers.

The project is in a spot that San Diego planners favor for new development, near four bus routes and new bike lanes. It's within walking distance of North Park Community Park and many businesses. The apartment building will be L-shaped and wrap around the San Diego Chicken Pie Shop, a local institution which opened downtown in 1938 and has been at its current location since 1990.

At six stories, 4250 Oregon Street will maximize its small footprint. The space was formerly used for a single-family home and small businesses over the years, including auto repair, a small office space and a spa.

In addition to the studios and one-bedrooms, there will be six two-bedroom apartments at 800 square feet and three live/work units at 1,021 square feet. The live/work units are becoming more popular in San Diego, with others under construction at the Townsend project in Mission Valley, where a renter lives on a second floor and runs a business on the first.

Parking is "unbundled" at the Oregon Street complex — another trend favored by San Diego planners — where a renter pays extra for parking. The thinking is people who don't have a car shouldn't pay for a spot. Charging extra for parking also provides an incentive not to have a car. The project will have just 28 parking spots.

Andrew Malick, principal of Malick Infill Development, said the project was able to double the number of apartments by taking advantage of three density bonus programs: Building near a transit area, keeping the average size of apartments under an average of 600 square feet and including subsidized housing.

There will be five subsidized apartments for renters who earn 30 percent to 60 percent of the city median income. With current figures (which could change by the time the apartment building opens), that would be \$25,450 to \$50,940 for an individual.

Malick said San Diego Chicken Pie Shop will keep its parking lot. He said he did offer to buy the shop from the owner but they declined. Because the project surrounds the site, he said it's important to be a good neighbor. He said his firm is helping any way it can to secure good pricing through its building connections for remodeling efforts that are in the plans for the historic restaurant.

"We see helping them improve their existing brand and restaurant as part of the project," Malick said.

North Park residents are used to small apartments, usually older backyard units sprinkled around the community. But most new developments have larger apartments. At Azul North Park (opened in February), apartments average 777 square feet; Asano North Park (opened in October 2020) apartments average 1,011 square feet; and The Residences at 3954 Kansas (opened in June 2020) has units averaging 804 square feet.

An exception is the The AIDN building with apartments averaging 594 square feet on El Cajon Boulevard. The 48-unit building opened in June last year.

Other micro-unit apartments outside of North Park include The Continental in Little Italy (opened in 2019), whose apartments average 411 square feet, Parco in National City (opened in 2021) whose units average 472 square feet and Tru Bankers Hill (opened in 2021) with apartments averaging 542 square feet.

Average rent in North Park was around \$1,527 a month in mid-March, said real estate research firm CoStar. It has increased 2.6 percent in a year. Having older apartment complexes in the neighborhood keeps rent lower than many areas. Average rent in San Diego County was around \$2,216 a month at the same time, an increase of nearly 14 percent in a year.

Despite its size, 4250 Oregon Street will offer amenities to future residents, including a sixth-floor deck with a barbecue area, community room, teleconference room, big screen TV and bar area. On its lower level, there will be a secured bike garage and a dog wash room.

Rogers said this is Titan's first San Diego project and he hopes it will be the first of many. His Albuquerque-based business has developed multifamily, industrial, self-storage and hotel buildings across New Mexico, Arizona, Colorado, Texas, South Carolina and Florida.

He said San Diego is still a tough place to find spaces to build, but the motivation is there because of rent growth.