

OFFERING MEMORANDUM

526 SAN PASCUAL STREET
SANTA BARBARA, CA 93101

MULTI-FAMILY LAND DEVELOPMENT OPPORTUNITY
\$995,000



**BERKSHIRE
HATHAWAY** | California
HomeServices Properties

COMMERCIAL DIVISION



KEN SWITZER

COMMERCIAL SENIOR ASSOCIATE

CAL DRE # 01245644

📞 | 805.680.4622

✉️ | KenSwitzer1@yahoo.com

Multi-Family Land Parcel Near Santa Barbara City College

Parcel Number: 037-143-018

Gross Lot Size: 6,969 SF / 0.16 acres

Lot Dimensions: 50' x 130'

Net Lot Size: 6,500 SF / 0.15 acres

Base Zoning: R-M (formerly R-3)

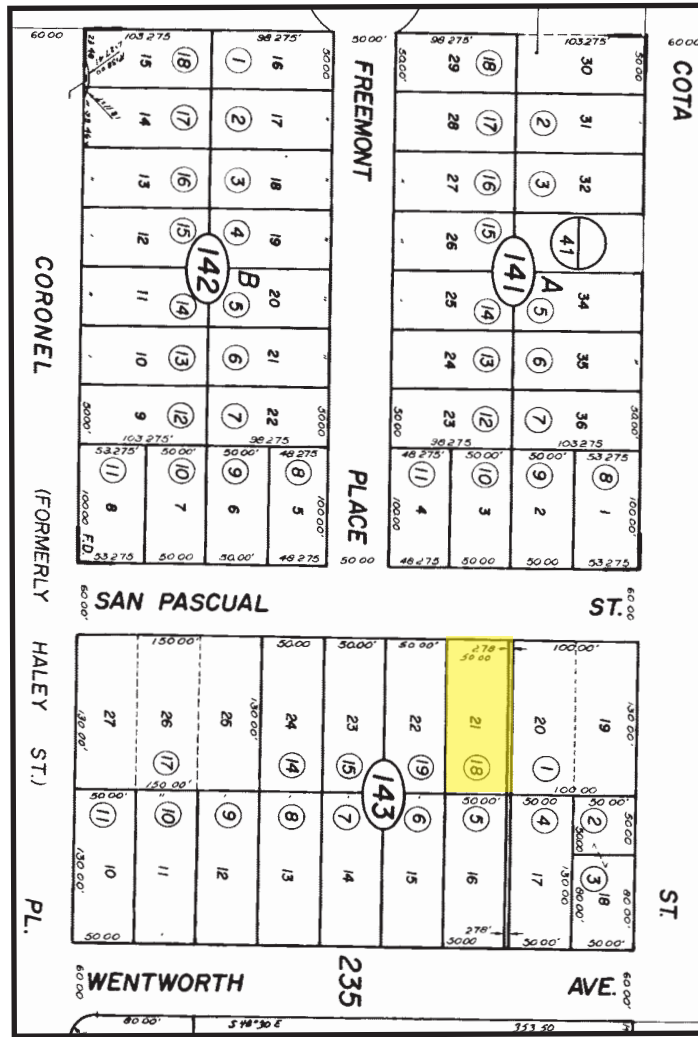
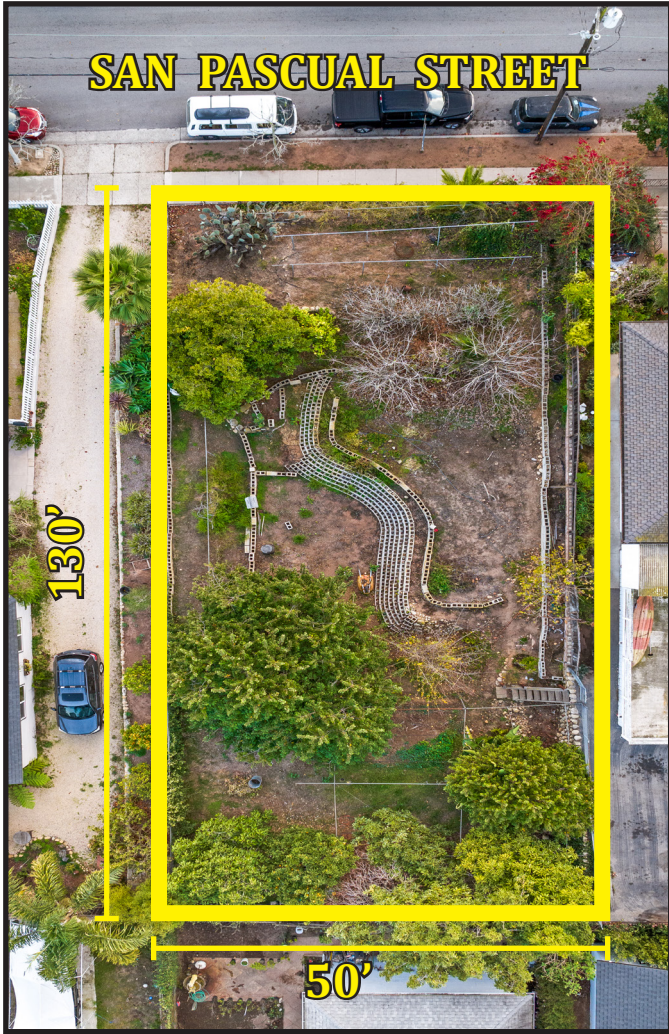
Average Unit Density Zone: 15-27 units/acre

526 San Pascual Street is a rare vacant land multi-family development opportunity in a close-in location in the City of Santa Barbara. Take advantage of the proximity to the waterfront and beaches, to lower downtown and to Santa Barbara City College, to develop hard-to-find new-construction rental units in a very high tenant demand location. The zoning is R-M (formerly R-3), and is also in a City Average Unit Density (AUD) zone. State Bonus Density (SDBL) and Accessory Dwelling Unit (ADU) laws could allow additional units to be built, resulting in a potential maximum development of 9 units - 8 market-rate units plus 1 income restricted unit - with a maximum total building space of approx. 8,000 square feet.

See the Development Potential and Development Analysis pages of the Offering Memorandum for more details and a pro-forma financial example. Buyers and their representatives are advised to conduct their own research as to the property data above, as well as to the development possibilities on the property. The listing agents and Seller make no representations or guarantees as to the data above or representations of what can be developed on the property.

AERIALS / PARCEL MAP

526 SAN PASCUAL STREET SANTA BARBARA, CA 93101



VICINTY MAP

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LAND-USE / ZONING

Legislative action in the State of California and at the local level in recent years, has served to allow for added multi-family development on eligible properties. 526 San Pascual Street may now be eligible for development of up to 9 apartment units as described below. Seller or listing agents do not guarantee these representations, Buyer and their representatives to verify the following information to their satisfaction.

- City of Santa Barbara Average Unit Density (AUD) program: 4 market-rate rental units, averaging 905 SF
- State of California Density Bonus Law (SDBL): 2 market-rate + 1 income restricted rental unit, averaging 905 SF
- State of California Accessory Dwelling Unit (ADU) program: 2 detached market-rate rental units, max. 800 SF each
- R-M Zone: Max. 45' height, 10' front setback (20' for 3rd/4th stories), 6' side/rear setback (10' for 3rd/4th stories)

AVERAGE UNIT DENSITY (AUD) PROGRAM: Click on the icon to the right to see details about the City of Santa Barbara AUD bonus density programs for multi-family properties



STATE DENSITY BONUS LAW (SDBL): Click on the icon to the right to see details about the State of California density bonus law for multi-family apartment properties



ACCESSORY DWELLING UNITS (ADU): Click on the icon to the right to see details about the State of California laws re. special ADU's for multi-family apartment properties



R-M ZONE DEVELOPMENT STANDARDS: Click on the icon to the right to see details about requirements for height, setbacks, open space, etc. in the City of Santa Barbara R-M Zone



RENTAL INCOME ANALYSIS FOR NEWLY-CONSTRUCTED APARTMENTS

The following charts show pro-forma calculations for estimated rent projections for a newly-built apartment building / compound at 526 San Pascual Street, using a possible maximum development scenario. As described and referenced in the links on the Development Potential page of this Offering Memorandum, the pro-forma assumptions are for 9 newly-built units, of which 8 units would be at market-rate rents and 1 unit would be income-restricted. The pro-forma market rental rates below account for the rare availability of new-construction modern-design apartments in the local area, as well as for the great location within ½-1 mile of Santa Barbara City College, the waterfront, harbor and beaches, and the food/wine/entertainment districts of the Funk Zone and lower downtown. Many of the ~13,500 students at Santa Barbara City College are from out-of-area, and there is no student housing provided by the college.

AVERAGE UNIT DENSITY (AUD) UNITS	
Number of Units Allowed	4
Maximum Square Footage (average)	905
Potential Beds Per Unit (3-bedroom units)	6
Monthly Rent Per Bed (new construction)	\$995
AUD TOTAL MONTHLY RENT	\$23,880

STATE DENSITY BONUS (SDBL) UNITS - Market Rate	
Number of Units Allowed	2
Maximum Square Footage (average)	905
Potential Beds Per Unit (3-bedroom units)	6
Monthly Rent Per Bed (new construction)	\$1,050
SDBL TOTAL MONTHLY RENT (MARKET)	\$12,600

ACCESSORY DWELLING UNITS (ADU'S)	
Number of Units Allowed	2
Maximum Square Footage (average)	800
Potential Beds Per Unit (2-bedroom units)	4
Monthly Rent Per Bed (new construction)	\$1,250
ADU TOTAL MONTHLY RENT	\$10,000

STATE DENSITY BONUS (SDBL) - Very-Low Income	
Number of Units Required	1
Possible Minimum Square Footage	905
SDBL MONTHLY RENT (RESTRICTED 2-BR)	\$1,340

TOTAL PROJECTED MONTHLY INCOME = \$47,820

TOTAL PROJECTED ANNUAL INCOME = \$573,840

Potential Beds Per Unit assumed as 2 tenants per bedroom, based on proximity to Santa Barbara City College. All pro-forma estimates on this page are made with best knowledge of market conditions, but are not guaranteed by the listing agents or Seller. Buyers and their representatives are advised to research and come to their own conclusions for square footage and rent assumptions.

CONSTRUCTION ESTIMATES / PROFIT ANALYSIS

The charts below summarize a hypothetical pro-forma development scenario, based on the square footage and rental income assumptions in the income analysis on the previous page, and using a built-out value at a pro-forma capitalization rate for a Santa Barbara new-construction multi-family property.

SQUARE FOOTAGE CALCULATIONS	
AUD Units (4) Total Square Footage	3,620
ADU Units (2) Total Square Footage	1,600
SDBL Market-Rate (2) Total Square Footage	1,810
SDBL Income-Restricted (1) Square Footage	905
TOTAL SQUARE FOOTAGE	7,935

DEVELOPMENT COSTS BREAKDOWN	
Construction Hard Cost Per SF	\$525
Total Construction Cost	\$4,165,875
Soft Costs (15% of construction costs)	\$624,881
Total Building Costs	\$4,790,756
Holding/Financing Cost Annual % Rate	9.00%
Holding Time on Acquisition Cost (months)	30
Holding Expense on \$995K Acquisition	\$223,875
Average Holding Time on Building Financing	6
Holding Cost on Building Financing	\$215,584
Total Development Costs	\$5,230,215
Acquisition Costs	\$995,000
Interim Property Taxes + Insurance	\$40,000
TOTAL INVESTMENT	\$6,265,215

PROJECTED ANNUAL NET OPERATING INCOME	
Property Tax (on acquisition + construction)	\$54,705
Insurance	\$16,000
Utilities (common areas only)	\$1,800
Repairs & Maintenance (\$1000/unit)	\$9,000
Management (5% of income)	\$28,692
Reserves (2% of income)	\$11,477
Total Annual Operating Expenses	\$121,674
Total Annual Income	\$573,840
ANNUAL NET OPERATING INCOME (NOI)	\$452,166

SUMMARY METRICS ON REDEVELOPMENT	
Projected Annual Net Operating Income	\$452,166
Total Investment	\$6,265,215
PROJECTED CAPITALIZATION RATE	7.22%
Market Cap. Rate (for new construction)	4.50%
Market Value of New Development	\$10,048,132
PROJECTED DEVELOPER PROFIT	\$3,782,916

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At this close-in location in one of country's most renowned coastal tourism cities, tenants would benefit from nearby access to employment at numerous hospitality, restaurant and all types of retail spots. One of California's most popular and acclaimed community colleges is approx. 1/2 mile away, providing convenient housing for students, faculty and staff.

Driving the demand even further is the close proximity for the tenants to enjoy all of the wonderful amenities of Santa Barbara's waterfront, beaches, coastal parks, and popular entertainment and dining districts.

Nearby Employment / Education

SANTA BARBARA CITY COLLEGE ~0.5 miles
Student enrollment is ~13,500 with no student housing provided by college; plus faculty/staff employment

HOSPITALITY EMPLOYERS ~0.5-1.0 miles
Near waterfront and West Beach with ~20 major hotels, inns, other lodging

RETAIL / RESTAURANTS ~0.5-1.0 miles
Near to tourist/downtown areas, with a few hundred retail employers

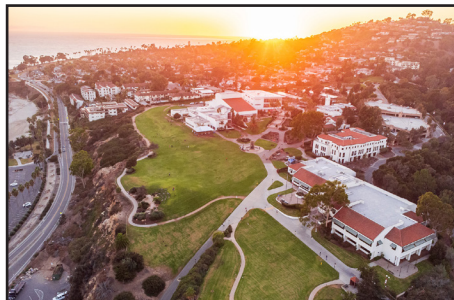
Nearby Amenities

BEACHES / WATERFRONT ~0.75-1.0 miles
West Beach, Leadbetter Beach
Santa Barbara Harbor, Stearns Wharf

RECREATION / SPORTS ~0.75-1.0 miles
City College track, tennis courts, sailing, ocean sports, Los Banos pool

FUNK ZONE DINING / WINE TASTING ~1.0 mile
Casual and fine dining, tasting rooms

LOWER DOWNTOWN ~1.0-1.5 miles
Dozens of restaurants, all types of retail





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