



SPERRY

SPERRY COMMERCIAL

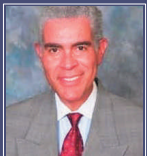
23090

SUNNYMEAD BLVD
MORENO VALLEY, CA 92553

POTENTIAL TAX
CREDITS

AFFORDABLE
HOUSING OR SRO
CONVERSION
OPPORTUNITY

Offering Memorandum



Luis Vazquez
SENIOR VICE PRESIDENT
310.704.9109
luis.vazquez@sperrycga.com
CalDRE #00841513

Table of Contents



CONFIDENTIALITY & DISCLAIMER

All materials and information received or derived from Sperry Commercial its directors, officers, agents, advisors, affiliates and/or any third party sources are provided without representation or warranty as to completeness, veracity, or accuracy, condition of the property, compliance or lack of compliance with applicable governmental requirements, developability or suitability, financial performance of the property, projected financial performance of the property for any party's intended use or any and all other matters.

Neither Sperry Commercial its directors, officers, agents, advisors, or affiliates makes any representation or warranty, express or implied, as to accuracy or completeness of the any materials or information provided, derived, or received. Materials and information from any source, whether written or verbal, that may be furnished for review are not a substitute for a party's active conduct of its own due diligence to determine these and other matters of significance to such party. Sperry Commercial will not investigate or verify any such matters or conduct due diligence for a party unless otherwise agreed in writing.

EACH PARTY SHALL CONDUCT ITS OWN INDEPENDENT INVESTIGATION AND DUE DILIGENCE.

Any party contemplating or under contract or in escrow for a transaction is urged to verify all information and to conduct their own inspections and investigations including through appropriate third party independent professionals selected by such party. All financial data should be verified by the party including by obtaining and reading applicable documents and reports and consulting appropriate independent professionals. Sperry Commercial makes no warranties and/or representations regarding the veracity, completeness, or relevance of any financial data or assumptions. Sperry Commercial does not serve as a financial advisor to any party regarding any proposed transaction. All data and assumptions regarding financial performance, including that used for financial modeling purposes, may differ from actual data or performance. Any estimates of market rents and/or projected rents that may be provided to a party do not necessarily mean that rents can be established at or increased to that level. Parties must evaluate any applicable contractual and governmental limitations as well as market conditions, vacancy factors and other issues in order to determine rents from or for the property.

Legal questions should be discussed by the party with an attorney. Tax questions should be discussed by the party with a certified public accountant or tax attorney. Title questions should be discussed by the party with a title officer or attorney. Questions regarding the condition of the property and whether the property complies with applicable governmental requirements should be discussed by the party with appropriate engineers, architects, contractors, other consultants and governmental agencies. All properties and services are marketed by Sperry Commercial in compliance with all applicable fair housing and equal opportunity laws.

PROPERTY INFORMATION	3
LOCATION INFORMATION	7
ZONING/CONVERSION	12
LEASE COMPARABLES - Studio 1/Bath Units	16
FINANCIAL ANALYSIS	19

SECTION 1

PROPERTY INFORMATION



Property Summary



PROPERTY DESCRIPTION

POTENTIAL TAX CREDITS - OWNED FOR MORE THAN 10 YEARS BY SELLER.

Currently an operating La Quinta Inn, the property is a Potential Conversion of the Existing Hotel to Affordable Housing or SRO Permanent Housing.

The Current Zoning may allow the Conversion to Affordable/SRO Housing Per the City of Moreno Valley Planning Department, with a CUP (Please see enclosed Zoning/Conversion Section)

Built in 2009 and situated on an approximate 1.36-acre concrete lot, the Property is comprised of 62 rooms and is three-story in nature with approximately 29669 square feet of construction.

PROPERTY HIGHLIGHTS

- 10-Year Ownership Tax Credit Potential!
- City Zoning allows Conversion to Permanent Housing
- Seller Familiar with the Conversion Process!!
- Well-Maintained and Located Property Built in 2009
- Amenities include Kitchen, Dining Area, Indoor Pool, 12 Suites, Front Desk and Lobby Area,

OFFERING SUMMARY

Sale Price:	\$10,850,000
Number of Units:	62
Lot Size:	1.36 Acres
Building Size:	29,669 SF
Pro Forma NOI:	\$831,351.00 for Non Profit/\$687,601 for Profit
Cap Rate:	7.77% Non Profit/6.34% For Profit

DEMOGRAPHICS

	1 MILE	5 MILES	10 MILES
Total Households	7,237	64,139	189,823
Total Population	24,301	233,961	646,523
Average HH Income	\$60,350	\$83,693	\$85,174

FOR SALE |

Property Description



PROPERTY DESCRIPTION

POTENTIAL TAX CREDITS - OWNED FOR MORE THAN 10 YEARS BY SELLER.

Currently an operating La Quinta Inn, the property is a Potential Conversion of the Existing Hotel to Affordable Housing or SRO Permanent Housing.

The Current Zoning may allow the Conversion to Affordable/SRO Housing Per the City of Moreno Valley Planning Department, with a CUP (Please see enclosed Zoning/Conversion Section)

Built in 2009 and situated on an approximate 1.36-acre concrete lot, the Property is comprised of 62 rooms and is three-story in nature with approximately 29669 square feet of construction.

LOCATION DESCRIPTION

Located just south of Highway 60, the Property is near significant retail establishments, including The Home Depot, National Retail and Restaurant Chains, and is in proximity to the City's public transportation. It is situated to the immediate east of the Pigeon Pass and Sunnymead intersection, with immediate Freeway access to Highway 60.



FOR SALE |

Complete Highlights



LOCATION INFORMATION

Building Name	Potential Tax Credits - Affordable Housing or SRO Conversion Opportunity
Street Address	23090 Sunnymead Blvd
City, State, Zip	Moreno Valley, CA 92553
County	Riverside

BUILDING INFORMATION

NOI	\$831,351.00
Cap Rate	7.77% for Non Profit 6.34% for Profit
Number of Floors	3
Year Built	2009
Number of Buildings	1

PROPERTY HIGHLIGHTS

- 10-Year Ownership Tax Credit Potential!
- Seller Familiar with the Conversion Process!
- Proper Zoning for Conversion to Permanent Housing!
- Well-Maintained and Located Property Built in 2009
- Amenities include Kitchen, Dining Area, Indoor Pool, 11 Suites, Lobby Area, Meeting Room (approximately 750 Square Feet), and Gymnasium

FOR SALE |

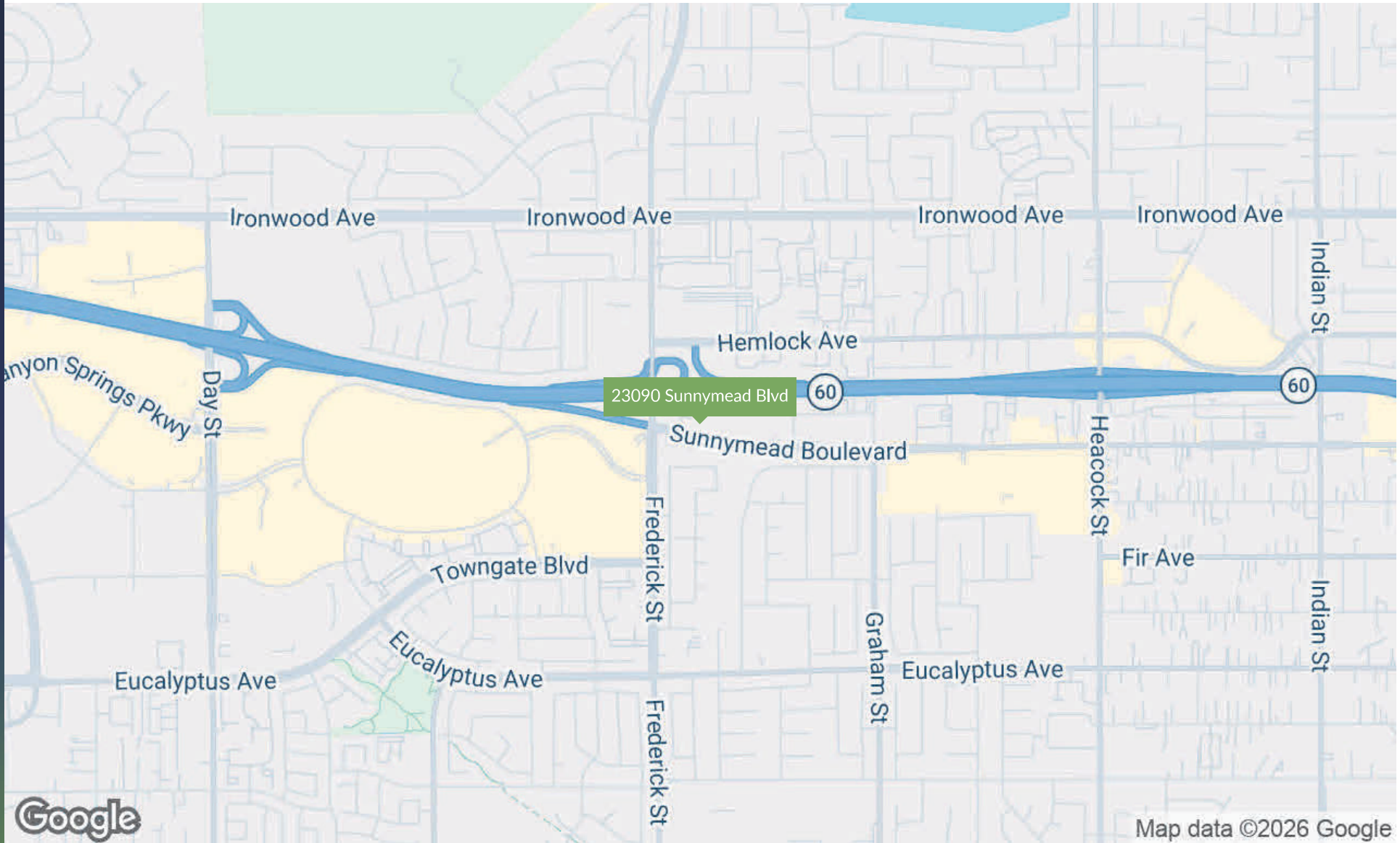
FOR SALE |

SECTION 2

LOCATION INFORMATION



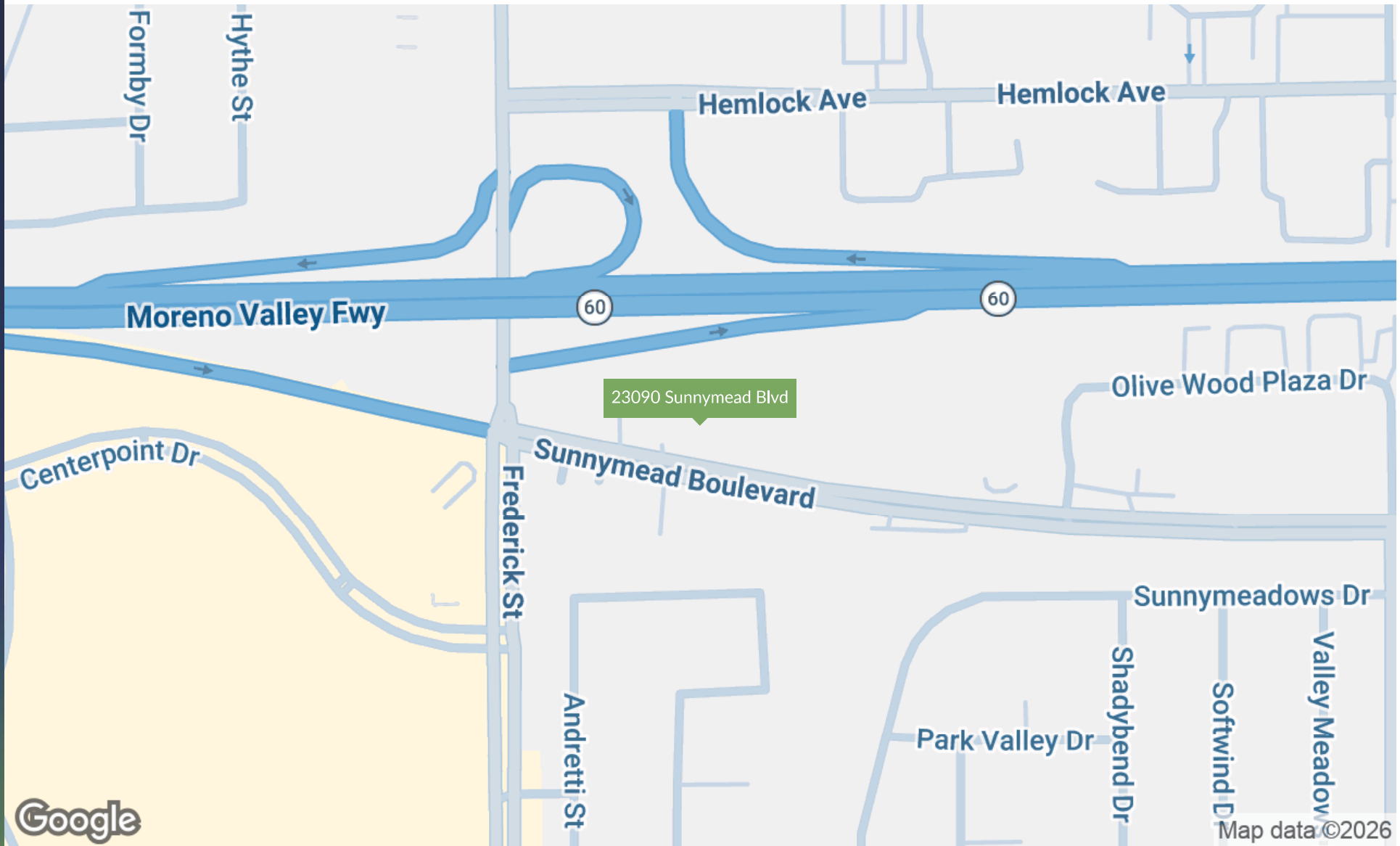
Regional Map



FOR SALE |

8

Location Map



FOR SALE |

Aerial Map



FOR SALE |

10 |

SPERRY - SPERRY COMMERCIAL | 18881 VON KARMAN AVE., SUITE 800 | IRVINE, CA 92612

SPERRYCGA.COM

We obtained the information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent current or future performance of the property. You and your tax and legal advisors should conduct your own investigation of the property and transaction.

Retailer Map



FOR SALE |



FOR SALE |

72

SECTION 3

ZONING/CONVERSION

Assessor Parcel Number
481101040

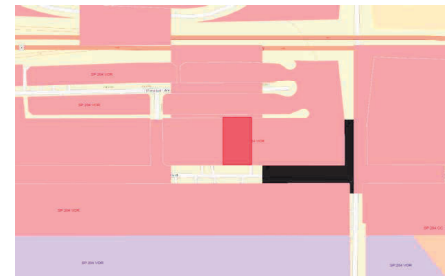
Address:
24412 SUNNYMEAD BLV
MORENO VALLEY, CA 92553

Subdivision Name: EDGEMONT
Came From: 481101031,
Number of Units: 0
Tract: 0
Map Book: 19
Map Page: 7
Lot: 17
Lot Type: L



Zoning Information

Zoning: SP 204 VCR
General Land Use: Commercial
Specific Plan: SP 204
Original Description: Commercial/Residential
Mixed Use District: N/A
Medical Overlay: N/A
Zoning PUD: N/A
Zoning Residential Buffer: N/A
Zoning AICUZ: N/A
Zoning ISA: N/A
PAKO Status: N/A



Valuation | **Administrative Districts**

Taxability: 0
Land: \$981,654
Structure: \$4,023,675
Recorder Type: MB
Tax Rate Area: 021329

District Member: Elena Baca-Santa Cruz
District Number: 1
School District: MORENO VALLEY UNIFIED
HUD-CDBG Low/Mod
Block Group: Yes

Utilities | **Environmental Hazards**

MVU Service Area: N/A
Day of Trash Pickup: Tuesday
Street Sweeping Day: Your street sweeping day is Green Tuesday. For your street sweep calendar visit Resident Services, Street Sweeping at www.moval.org

Fault Zone: N/A

PLANNING AND ZONING

	Residential Zones												Mixed-Use Overlay			Commercial & Office Zones							I	
	HR	RR	R1	RA2	R2	R3	R5	RS10	R10	R15	R20	R30	MUN U.O.	MUC S.O.	MUI S.R.U.	NC	CC	VC	OC	O	P	I		LI
Single-Family	X	X	X	X	X	X	X	X	X	X	X	X												
Multiple-Family									X	X	X	X	X	X	X									
Affordable Housing in Commercial Zones ^{2b}													X	X	X	X	X	X	X	X				
Manufactured Home Park (see mobile home parks)																								
Residential Care Facility																								
For Six or Less Persons ^{1f}	X	X	X	X	X	X	X	X	X	X	X	X												
For Seven or More Persons ^{1f}	C	C	C	C	C	C	C	C	C	C	C	C	C	C	X									
Restaurants (eating and drinking establishments) ^{1g}																								
Without Entertainment													X	X	X	X	X	X	X					
With Limited Live Entertainment													X	X	X	X	X	X	X					
With Alcoholic Beverage Sales													X	X	X	X	X	X	X					
With Outdoor Seating ^{1j}													X	X	X	X	X	X	X					
Restaurants (fast-food) ^{1k}																								
With Drive-Through																	•	•						
Without Drive-Through													X	X	X	X	X							
Retail Sales													X	X	X	X	X	X						
Support Retail Sales													X	X	X				X					
Sandwich Shops ^{1l}													X	X	X	X	X	X	X	X				
Schools, Private	C	C	C	C	C	C	C	C	C	C	C	C	•	•	•	•	•		•	•				
Senior Housing	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X				
Shoe Shine Stands													X	X	X	X	X		X	X				X
Shoe Repair Shop													X	X	X	X	X	X						
Sign Shop													X	X	X	X	X	X					X	X
Single room occupancy (SRO) facility ^{1m}												C	C	C	C		X							
Skating Rinks ¹ⁿ														X				X						
Smoke Shops ^{1o}																	S	S	S	S				
Stationery Stores													X	X	X	X	X	X	X					
Staple Shop - Outdoor display																	•						X	X
Storage Lots and Mini-Warehouses																								
Indoor																		C					X	
Outdoor																		C					X	
Supportive and Transitional Housing	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X				
Swim Schools/Center with Incidental Commercial Uses ^{1p}	C	C	C	C	C	C	C	C	C	C	C	C					X							
Taxidermist																		X					X	X
Theaters (excludes open air) ^{1q}													X	X	X	X	X	X						
Tire Recapping																							X	

PATHWAY TO CONVERSION TO AFFORDABLE HOUSING OR SRO

City Planning has suggested that the Pre-Application review process be utilized.

The Pre-Application Review process takes approximately 4-5 weeks to complete and the application fee is \$784. There is no approval or disapproval -- it is simply a pre-application review of your conceptual plans to obtain written feedback from the various reviewing departments regarding the application type and project requirements such as street improvements/curb/gutter, street lights, undergrounding of utilities, water quality management, landscape, parking, screening, etc.

The City of Moreno Valley has transitioned to paperless submittals and plans must be submitted online for electronic review. If you haven't done so already, please register as an ONLINE USER via the City's SimpliCITY portal at www.moval.gov/simplicity to submit your application and upload plans.

Listed here below are the submittal requirements. When prompted, please upload the following items:

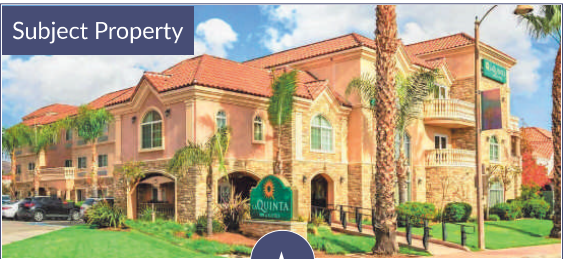
- Notarized Property Owner Indemnification and Authorization Form (see attached)
- Letter of Intent (Project Description)
- Dimensioned Site Plan (additional information is optional)

If you have any additional questions, please email the Planning Division at PlanningEmail@moval.org.

SECTION 4

LEASE COMPARABLES - STUDIO 1/BATH UNITS

Subject Property



**POTENTIAL TAX CREDITS -
AFFORDABLE HOUSING OR SRO
CONVERSION OPPORTUNITY**

Lease Rate: Negotiable

On Market



23925 EUCALYPTUS AVE

Moreno Valley, CA 92553

Avg Rent: \$1,699

Leased



13325 HEACOCK ST

Moreno Valley, CA 92553

Avg Rent: \$1,602

On Market

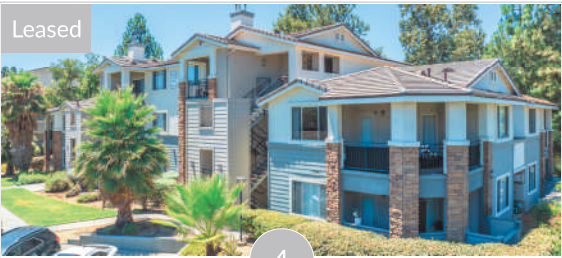


13325 HEACOCK ST

Moreno Valley, CA 92553

Avg Rent: \$1,499

Leased



5925 SYCAMORE CANYON BLVD

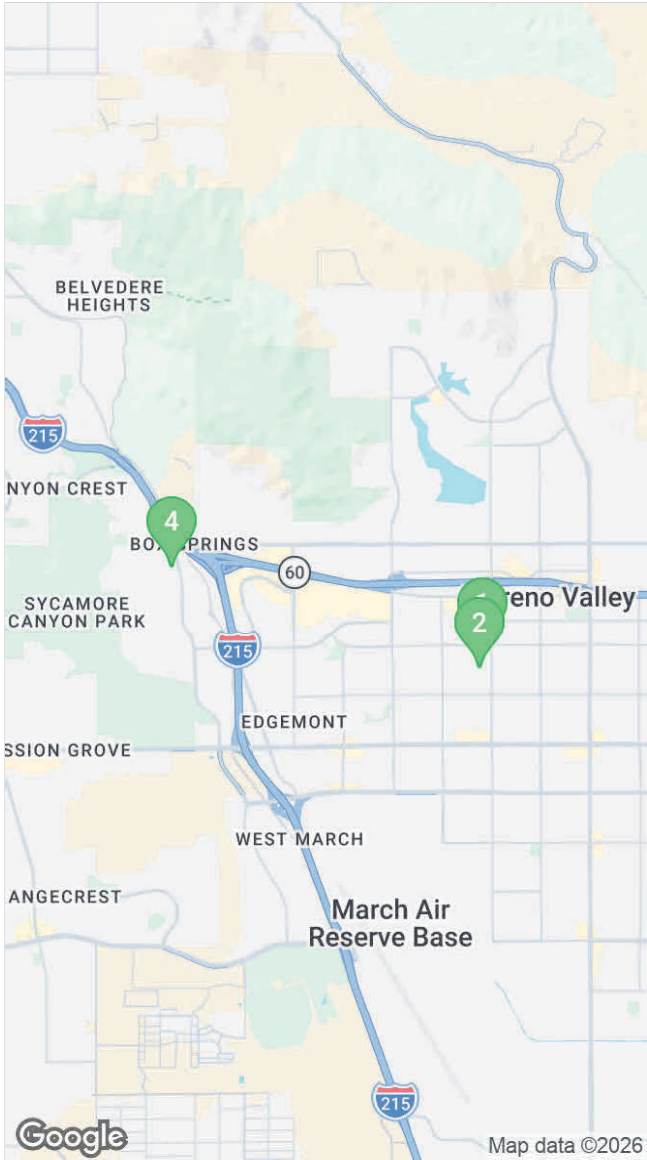
Riverside, CA 92507

Avg Rent: \$2,099

Lease Comps Map & Summary



	NAME/ADDRESS	AVG RENT
1	23925 Eucalyptus Ave Moreno Valley, CA	\$1,699
2	13325 Heacock St Moreno Valley, CA	\$1,602
3	13325 Heacock St Moreno Valley, CA	\$1,499
4	5925 Sycamore Canyon Blvd Riverside, CA	\$2,099
AVERAGES		\$1,725



FOR SALE |

We obtained the information above from sources we believe to be reliable. However, we have not verified its accuracy and make no guarantee, warranty or representation about it. It is submitted subject to the possibility of errors, omissions, change of price, rental or other conditions, prior sale, lease or financing, or withdrawal without notice. We include projections, opinions, assumptions or estimates for example only, and they may not represent current or future performance of the property. You and your tax and legal advisors should conduct your own investigation of the property and transaction.

SECTION 5

FINANCIAL ANALYSIS

Financial Summary



INVESTMENT OVERVIEW

Price	\$10,850,000	\$10,850,000
Price per SF	\$366	\$366
Price per Unit	\$175,000	\$175,000
CAP Rate	7.66%	6.34%

PRO FORMA - NON PROFIT

PRO FORMA - FOR PROFIT

OPERATING DATA

Total Scheduled Income	\$1,154,688	\$1,154,688
Gross Income	\$1,190,400	\$1,190,400
Operating Expenses	\$359,049	\$502,799
Net Operating Income	\$831,351	\$687,601

PRO FORMA - NON PROFIT

PRO FORMA - FOR PROFIT

Income & Expenses



INCOME SUMMARY	PRO FORMA - NON PROFIT	PRO FORMA - FOR PROFIT
Gross Scheduled Income	\$1,190,400	\$1,190,400
Less Vacancy (Estimated at 3%)	(\$35,712)	(\$35,712)
GROSS INCOME	\$1,154,688	\$1,154,688
EXPENSES SUMMARY	PRO FORMA - NON PROFIT	PRO FORMA - FOR PROFIT
Real Estate Tax (Estimated at 1.25%)	\$0	\$143,750
Insurance (Estimated at \$.45 Per Foot)	\$13,351	\$13,351
Maintenance (Estimated at 8% of Gross Income)	\$92,373	\$92,373
Management (Estimated at 8% of Gross Income)	\$92,373	\$92,373
Utilities (Estimated at \$200 Per Unit)	\$148,800	\$148,800
Trash: (Estimated at \$8 Per Unit)	\$5,952	\$5,952
Administration (Estimated at \$100 Per Unit)	\$6,200	\$6,200
OPERATING EXPENSES	\$359,049	\$502,799
NET OPERATING INCOME	\$831,351	\$687,601

Gross Income based on \$1,600 Per Unit per Month