



FEASIBILITY ANALYSIS | MARKET POSITIONING

247 High Street | Santa Cruz, CA 95060 | Ohana Hale Residences

Prepared April 24, 2026 | Supplemental to Developer Pro Forma | CONFIDENTIAL

DISCLAIMER

This analysis provides market positioning and financial feasibility projections for Ohana Hale Residences, a brand-new 7-unit, 27-bed purpose-built student housing development at 247 High Street, Santa Cruz, California. Findings are intended to supplement the developer pro forma and should be read alongside third-party appraisal documentation. All projections are estimates subject to change.

1. Projected Rental Rates (2026–2027 Academic Year)

For a brand-new, all-inclusive student housing project like Ohana Hale Residences, rental rates are positioned at the top of the Santa Cruz market. By including utilities, furniture, and high-speed Wi-Fi in the per-bed rate, the project offers a level of convenience that justifies a meaningful premium over traditional apartments.

Room Type	Projected Rate / Mo	Includes
Single Bedroom (1 per unit)	\$2,400 – \$2,550	Private room, queen loft/desk setup, all utilities, furnished common areas
Double Bedroom (4 per unit)	\$1,750 – \$1,850 / bed	Shared room, individual loft/desk, IKEA wardrobe, all utilities, furnished common areas
Blended Per-Bed Average	\$1,800	Gross Rental Income: \$610,524 / year

2. Market Comparison — Ohana Hale vs. The Competition

Ohana Hale occupies a unique niche between high-density institutional dorms and luxury downtown mid-rises, offering boutique finishes at student-accessible price points with unmatched proximity to campus.

Development	Type	Std. Double (All-In)	Std. Single (All-In)	Key Difference
Ohana Hale	Boutique Infill / New/Luxury Student	\$1,700	\$2,200	Closest to campus; boutique feel; brand new; lowest ascent to campus (Hilltop further downhill)
Hilltop Apartments	Student Specific	\$1,899	N/A	Older units; utilities often extra; has pool/gym
Delaware Addition	Student Specific	\$2,094	\$2,381	Institutional; high-density; official UCSC partner
UCSC Dorms/Apts	On-Campus	\$1,903-\$1,993	\$2,268	Basic amenities; shared communal bathrooms

*Hilltop often requires tenants to pay additional utilities, keeping the effective all-in cost comparable to Ohana Hale.

3. Strategic Advantages for Ohana Hale

- › **The "5-Minute" Edge:** Being at 247 High Street puts residents significantly closer to the campus entrance than Hilltop or Delaware. Market the ability to "sleep in later" as a tangible luxury — students and parents respond to this.
- › **Turn-Key Functionality:** By providing IKEA wardrobes and lofted desks, the project solves the 'moving day' headache. Parents will pay more to avoid a trip to the Emeryville IKEA — this is a proven premium driver in the student housing segment.
- › **E-Bike Integration:** Dedicated e-bike storage and charging is a major differentiator in this submarket. In Santa Cruz, where the hill to campus is a daily obstacle, this amenity is more valuable than a swimming pool.
- › **Laundry/Storage:** Included in base rent to maintain boutique luxury branding and simplify operations.
- › **Regulatory Alpha:** As new construction, Ohana Hale is exempt from AB 1482 statewide rent control for the first 15 years, providing a vital window for market-rate rent growth and a compelling selling point for eventual 1031-exchange buyers.

4. Recommended Value-Add Amenities

› Technology & Infrastructure

- › **Eero Pro 6E Mesh Wi-Fi System:** Essential for a 5-student household. Supports 100+ devices and handles heavy bandwidth of 5 simultaneous Zoom calls or gaming sessions across 1,000 SF. Included in the all-in rent model.
- › **Google Nest Learning Thermostat:** For the all-inclusive model, remote temperature controls allow the owner to set reasonable limits, preventing utility costs from eroding NOI margins.
- › **EV Charging:** 7 EV-capable parking stalls; independent credit card billing available to generate extra revenue; not currently accounted for in financial projections.

5. Financial Performance Summary

The model utilizes a per-bed lease strategy across 25 total beds (excluding 1-bed conventional units), factoring in the all-inclusive premium for utilities, Wi-Fi, and furnishings.

Metric	Projection
Gross Potential Income (GPI)	\$618,924
Net Operating Income (NOI) per Appraisal	\$378,659
Net Operating Income (NOI) per Developer	\$412,213
Market Cap Rate	4.25% – 5.00%
Expense Ratio	28.3% – 35.6% (includes utilities, Wi-Fi, management)
Projected As-Completed Value	\$7,570,000 – \$9,699,000

6. Operating Expenses & Efficiency

- › **New Construction Advantage:** Being brand-new construction significantly lowers repair and maintenance reserves compared to the older housing stock on the Westside. Lower R&M is a structural NOI advantage for the first 10–15 years.
- › **Expense Ratio Context:** While slightly higher than traditional apartments due to owner-paid utilities and Wi-Fi, the absolute NOI is superior because of the per-bed density model. The MAI appraisal uses a 35.6% OER; developer underwriting shows 28.3% is achievable with owner-operator efficiencies.



7. Pro Forma: Ohana Hale vs. Institutional Standards

Project	Est. Single Bed (All-In)	Est. Double Bed (All-In)
Ohana Hale	\$2,200	\$1,700
Delaware Addition	\$2,381	\$2,094
UCSC Apartments	\$2,268	\$1,993
Hilltop Apartments	N/A	\$1,899

Key Takeaway: Ohana Hale is positioned as the premium boutique alternative. It offers higher lifestyle value — loft beds, EV/e-bike charging, fully furnished — than the University, while remaining more affordable per-bed than the large downtown high-rises.

8. Unit Revenue Detail — Per 3BR/2BA Unit

Each 1,000 SF three-bedroom unit functions as a high-density revenue center under the per-bed all-inclusive model. The all-inclusive nature — covering high-speed Wi-Fi, utilities, and furnishings — justifies a 15–20% premium over traditional unbundled rentals.

Room Type	Beds	Rate / Bed	Monthly Revenue
Double Room 1	2	\$1,700	\$3,400
Double Room 2	2	\$1,700	\$3,400
Single Room (premium private)	1	\$2,200	\$2,200
Total per 3BR Unit / Month	5	\$1,800 avg	\$9,000

Note: Appraisal pro forma uses a conservative \$9,000/unit (\$1,800 blended average) across Units 3–7.

9. Competitive Advantage Checklist

- › **Proximity Premium:** Frictionless connection to UCSC, the bus stop directly across the street eliminates the parking, traffic, and cost friction that defines off-campus student living in Santa Cruz — locking in a captive, car-free tenant base.
- › **Infrastructure:** Dedicated e-bike storage/charging and on-site EV stalls (providing additional parking revenue of ~\$12,600/yr) are unique in this submarket and unmatched by any peer property.
- › **Regulatory Alpha:** As a brand-new project, Ohana Hale is exempt from AB 1482 rent control for the first 15 years — a vital selling point for the eventual 1031-exchange buyer and a key underwriting advantage for institutional investors.
- › **Brand-New Product Premium:** New construction student housing with modern finishes, loft beds, and an all-inclusive model commands a structural premium over the aging Westside rental stock.

DISCLAIMER

This analysis was prepared using AI-assisted market research and developer-provided project parameters for informational purposes only. All projections are estimates subject to change without notice. Variables affecting performance include but are not limited to: final construction costs, market rental rates, cap rates at time of sale, expense ratios, financing terms, and regulatory changes. All figures must be independently verified. This document does not constitute an offer to sell or a guarantee of any projected outcome. Distribute only to qualified parties under executed NDA.