

OFFERING MEMORANDUM | CONFIDENTIAL

Exclusive Investment Opportunity — Santa Cruz, CA

OHANA HALE RESIDENCES

247 High Street | Santa Cruz, CA 95060



ASKING PRICE \$1,895,000	UNITS / BEDS 7 Units 27 Beds (Min.)	STABILIZED NOI \$378,659	UCSC PROXIMITY ~1 Mile
GROSS BUILDING AREA 5,858 SF	BLENDED RENT \$1,800 / Bed / Mo	CAP RATE 5.00%	CONST. TIMELINE ~12 Months

INSTITUTIONAL INSPIRED STUDENT HOUSING · FULLY PERMITTED · SHOVEL-READY · FULLY FURNISHED

Purpose Design/Built for Shared Rooms · Queen Loft Beds w/Desks · Leased Per-Bed · UCSC & Downtown Santa Cruz Proximate

TROY HINDS

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

The information listed above has been obtained from sources we believe to be reliable, however, we accept no responsibility for its correctness.

PROPERTY OVERVIEW

EXECUTIVE SUMMARY

David Lyng Real Estate is pleased to present Ohana Hale Residences — a fully permitted, shovel-ready student housing development opportunity located at 247 High Street in Santa Cruz, California. This rare offering provides an investor with the ability to acquire a fully entitled, permit-ready land with approved plans for a three-story, seven-unit student housing project without the time and cost of navigating the complex multi-year entitlement process.

The project is designed as a purpose-built (shared room), all inclusive, fully furnished student rental to serve the robust and chronically undersupplied UCSC off-campus housing market, located approximately one mile from the main university entrance. Operating on a per-bed lease model across five three-bedroom units, the project is structured to function as an institutional-grade boutique student housing project at a mid-market investor scale — a rare combination and opportunity in the Santa Cruz County market.

At a blended market rent of \$1,800 per bed across 27 leasable beds, the project is projected to produce a stabilized Net Operating Income of \$378,659 — capitalized at 5.00%, consistent with institutional student housing standards for newly constructed UCSC-proximate assets. The asking price of \$1,895,000 represents an acquisition well below estimated replacement cost, with developer upside confirmed by third-party MAI appraisal and available in full to qualified buyers under NDA.

INVESTMENT THESIS

INVESTMENT HIGHLIGHTS

› Shovel-Ready, Fully Permitted Development

- › The boutique infill project is a three-story, seven-unit building with a minimum of 27 leasable beds (singles & doubles), designed specifically for the UCSC off-campus student housing market approximately one-mile from campus that commands rental premiums unavailable to traditional multifamily assets.
- › Five three-bedroom units operate on a per-bed lease model and will be fully furnished—the institutional student housing standard. Two one-bedroom units lease conventionally (including 1 affordable unit) or accommodate furnishings for another per bed lease model.
- › Per-bed leasing produces nearly double the income of a conventional unit lease on the same floor plan—typical 3-bedroom, 2-bath unit generating \$4,800/month by the unit produces \$9,000/month by the bed — same walls, very different returns.
- › Each room incorporates queen loft beds with desks underneath to maximize individual workspace and comfort, elevating the development's appeal beyond the larger developments with "institutional friction"—slow communication, generic impersonal management, and crowded rooms with the small twin XL beds.
- › Project is in final stages of building permit review and ready to break ground, eliminating the most significant timeline and cost risk for the buyer. Estimated 12-month construction timeline. Estimate to stabilization 6-months.
- › A strategically located asset that captures the highest-demand renter pool by bridging the gap between campus and the downtown core, ensuring premium rents and maximum occupancy. This prime position located on the primary artery to UCSC offers tenants immediate walkable access to downtown amenities while eliminating the campus commute barrier.
- › Frictionless connection to UCSC, the bus stop across the street completely neutralizes the parking, traffic and expense constraints typical of Santa Cruz. It guarantees a captive, car-free student tenant base and ensures the highest possible per-bed ROI by turning transit access into a premium, marketable amenity.
- › Strong existing student housing comparable rental rates as evidenced by Market Positioning Brochure.

FULLY FURNISHED DELIVERY. LEASED WITH ALL UTILITIES INCLUDED.

STUDENTS EXPECT IT. PARENTS ARE WILLING TO PAY FOR IT. INSTITUTIONAL LENDERS UNDERWRITE IT.

FINANCIAL OVERVIEW

PRO FORMA INCOME SUMMARY

Student housing operating model — per-bed leasing on three-bedroom units.

Income	Annual	/ Bed
Rental Income (27 beds @ blended \$1,800/bed/mo.)	\$610,524	\$22,612
Miscellaneous Income (storage, parking, pet fees)	\$8,400	—
Potential Gross Income	\$618,924	\$22,923
Less: Vacancy & Collection Loss (5.0%)	(\$30,946)	—
Effective Gross Income	\$587,978	\$21,777

Operating Expenses	Annual	% EGI
Real Estate Taxes (1.14006%) * ³	\$86,416	14.7%
Special Assessments	\$523	0.1%
Property Insurance (\$2.50/SF GBA)	\$15,983	2.7%
Admin/Management (10% of EGI) * ¹	\$58,798	10.0%
Repairs & Maintenance (\$2,500/unit)	\$17,500	3.0%
Utilities — Owner-Paid (\$4,000/unit) * ²	\$28,000	4.8%
Reserves for Replacement (\$300/unit)	\$2,100	0.4%
Total Expenses	\$209,319	35.6%
NET OPERATING INCOME (NOI)	\$378,659	\$14,024/bed

*¹ An experienced local property management company with a cost of 5% EGI has been engaged for additional cost savings.

*² Higher OER relative to conventional multifamily reflects owner-paid utilities and professional management intensity — both standard and expected in institutional student housing underwriting. *³ Property Taxes are based on third-party appraisal.

VALUE SENSITIVITY BY CAP RATE

Cap Rate	Est. Value	Dev. Profit
4.25%	\$8,905,021	\$2,239,628
4.50%	\$8,410,298	\$1,744,905
4.75%	\$7,967,650	\$1,302,258
5.00% * ¹	\$7,569,268	\$903,875

Historic Santa Cruz City cap rates have ranged from the high 3% to 4% range. Higher interest rates have applied upward pressure, but supply constraints and institutional demand may support compression. *¹ Third-party analysis of stabilized value based on third-party appraisal.

WHERE DEVELOPER UNDERWRITING DIFFERS FROM THE THIRD-PARTY APPRAISAL

Metric	Appraisal (MAI)	Developer Underwriting
Operating Expense Ratio	35.6%	28.3%
Net Operating Income	\$378,659	\$412,213
Cap Rate Applied	5.00%	4.25–5.00% (market supported)
Indicated Value Range	\$7,570,000	\$9,699,000–\$8,244,000

The developer’s lower expense ratio reflects sub-metered utilities, efficient property management structure, and detailed line-item budgeting. The appraisal’s 35.6% OER is a standard institutional assumption for student housing; the developer’s 28.3% reflects owner-operator efficiencies. The spread between these scenarios represents meaningful incremental value, which may be realized upon stabilization and refinance or sale.

PROPERTY DETAILS

UNIT MIX

Unit	Type	SF	Lease Structure	Market Rent / Mo
1	1BR / 1BA — Measure O	421	Conventional	\$2,577*
2	1BR / 1BA — Market Rate	440	Conventional	\$3,300
3	3BR / 2BA — Per-Bed	979	5 beds @ \$1,800/bed	\$9,000
4	3BR / 2BA — Per-Bed	979	5 beds @ \$1,800/bed	\$9,000
5	3BR / 2BA — Per-Bed	979	5 beds @ \$1,800/bed	\$9,000
6	3BR / 2BA — Per-Bed	979	5 beds @ \$1,800/bed	\$9,000
7	3BR / 2BA — Per-Bed	1,138	5 beds @ \$1,800/bed	\$9,000
Total	7 Units	5,915	27 Beds Total	\$50,877 / mo \$610,524 / yr

*Unit 1 (Measure O) rent-restricted, estimated rent to be confirmed with the City of Santa Cruz. Unit 2 is market rate.

Units 3–7 are leased per-bed to UCSC undergraduate students at competitive rates to on-campus and off-campus comparative housing.

The project is exempt from AB 1482 statewide rent control as new construction. Each unit includes an in-unit washer/dryer, queen/full loft beds w/desks/chairs, flat screen TV’s in living rooms.

PROPERTY & ENTITLEMENTS

Address	247 High Street, Santa Cruz, CA 95060 APN 006-171-47
Zoning	R-M — Multiple Residence, Medium Density
Land Area	6,938 SF (0.16 Acres) 39'-foot frontage on High Street
Building	3-Story 5,858 SF Net Rentable 7 Units 12-month construction timeline
Amenities / Parking	Fully furnished delivery 7 tuck-under spaces EV charging Individual storage lockers (optional) Indoor bike parking w/charging
Entitlement Status	Fully Approved (October 2023) Building Permit Summer 2026
Permit Status	Final Building Permit review — Shovel-Ready upon issuance

MARKET CONTEXT

MARKET OVERVIEW

› Student Housing Fundamentals

- › UCSC enrollment of approximately ~20,000 students, with long-term growth projections approaching 25,000
- › ~50% housed on-campus, leaving an estimated 10,000 students competing for off-campus units in a supply-constrained coastal market. This lucrative and unique dynamic does not resolve quickly.
- › Geographic limitations, environmental regulations, and restrictive zoning policies significantly limit new residential supply.
- ›

› Santa Cruz Multifamily Market Context

- › Student housing demand provides a durable performance floor, insulating income from broader multifamily softness.
- › Cap rates for student housing have compressed relative to conventional multifamily, averaging ~5.7% nationally — consistent with this offering's 5.00% appraisal rate.
- › Blended rent of \$1,800/bed (Singles @ \$2,200/mo., Doubles @ \$1,700/mo.) supported by several projects including but not limited to, The Delaware and Hilltop — two existing UCSC-proximate, purpose-built student housing properties with higher per-bed leasing rates.
- › Comparable rate analysis available in the third party appraisal under NDA.

› Institutional Product at Mid-Market Scale

- › The institutional student housing standard is ***recession resistant***.
- › Per-bed leasing structure across five three-bedroom units (five beds per unit = 25 student beds) combined with two conventional one-bedroom units (one affordable unit).
- › All units to be delivered fully furnished — aligned with student housing operational expectations and institutional underwriting standards.
- › 27 total leasable beds producing a stabilized gross rental income of \$610,524 annually under the student housing model.
- › As new construction, the project is exempt from AB 1482 statewide rent control for its first 15 years, providing a vital window for market-rate rent growth and long-term valuation upside.

› Entitlement Premium

- › Significant Barrier to Entry: Securing multifamily development entitlements in Santa Cruz is a notoriously rigorous, costly, and time-intensive endeavor **and is known for its high-barrier-to-entry**.
- › The subject property represents the culmination of a six-year approval and building permit process, involving \$500,000+ in direct development and soft costs.
- › Strategic Density Bonus: The project utilizes a Density Bonus approval, optimizing the site's potential by allowing for modified parking ratios and enhanced setback standards — establishing a clear highest and best use scenario.
- › De-Risked, Shovel-Ready Execution: The acquisition eliminates the primary entitlement and political risks inherent in the California coastal permitting environment. Investors bypass the traditional multi-year waiting period and move immediately into the construction phase.

TRANSACTION DETAILS

OFFERING TERMS

Offering Price	\$1,895,000
Interest Offered	Fee Simple — Land/Existing SFR carrier with Approved Entitlements & Plans
Sale Includes	All development rights, approved plans, entitlement documents, and permits as obtained
Financing	All Cash or Conventional Construction Financing — Seller will consider qualified offers
Due Diligence	Buyer to independently verify all information; third-party valuation documentation available to qualified buyers under executed NDA

DEVELOPMENT ECONOMICS

DEVELOPMENT ECONOMICS

Item	Amount
Acquisition (Asking Price)	\$1,895,000
Est. Hard Construction / Site Improvements / PG&E / FF&E	\$3,827,000
Est. Soft Costs / Indirect	\$623,000
Est. Bank Contingency	\$320,000
Est. Total Project Cost	\$6,665,000
Implied Appraised Value @ 5.00% Cap (NOI / Cap Rate) w/ 35% Expense ratio, 10% management fee	\$7,570,000
Implied Development Profit	\$905,000

Development profit is estimated at a conservative 5% cap rate, 35% expense ratio; estimated profit does not include transaction costs. Value sensitivity analysis with Developer Underwriting available under a signed NDA.

Complete Valuation Documentation Available Under NDA

Qualified buyers may request access to third-party stabilized value analysis, full development economics, and supporting appraisal documentation under a signed Non-Disclosure Agreement. Contact us to request an NDA package.

DISCLAIMER & CONFIDENTIALITY NOTICE

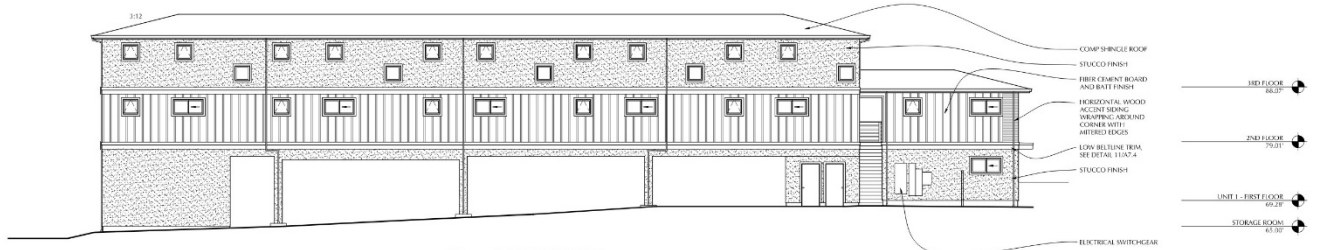
This Offering Memorandum is provided for informational purposes only and does not constitute an offer to sell, a solicitation to buy, or a representation of any kind regarding the property. All financial projections are prospective in nature based on market analysis and are not guaranteed. Actual results may differ materially. Prospective purchasers are strongly encouraged to conduct independent due diligence, including review of building plans, entitlement documents, construction bids, and all applicable governmental approvals. This memorandum is confidential and intended solely for the recipient. Redistribution without written consent is prohibited. David Lyng Real Estate makes no representations or warranties, express or implied, regarding the accuracy or completeness of the information contained herein. The seller reserves the right to withdraw the offering at any time without notice.

DEVELOPMENT DETAILS
ELEVATIONS



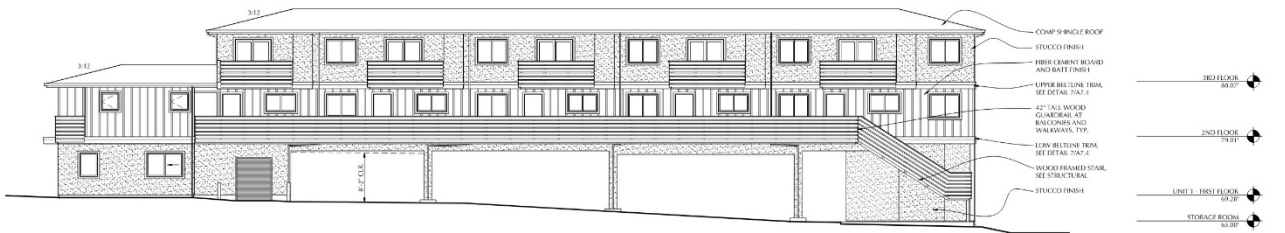
2 WEST ELEVATION
 SCALE: 1/8" = 1'-0"

SEE A1.3 FOR ALLOWABLE OPENING CALCULATIONS PER CBC TABLE 705.8



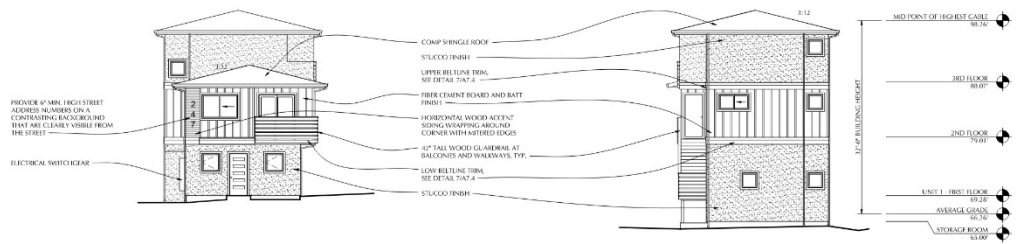
1 EAST ELEVATION
 SCALE: 1/8" = 1'-0"

SEE A1.3 FOR ALLOWABLE OPENING CALCULATIONS PER CBC TABLE 705.8



2 WEST ELEVATION
 SCALE: 1/8" = 1'-0"

SEE A1.3 FOR ALLOWABLE OPENING CALCULATIONS PER CBC TABLE 705.8



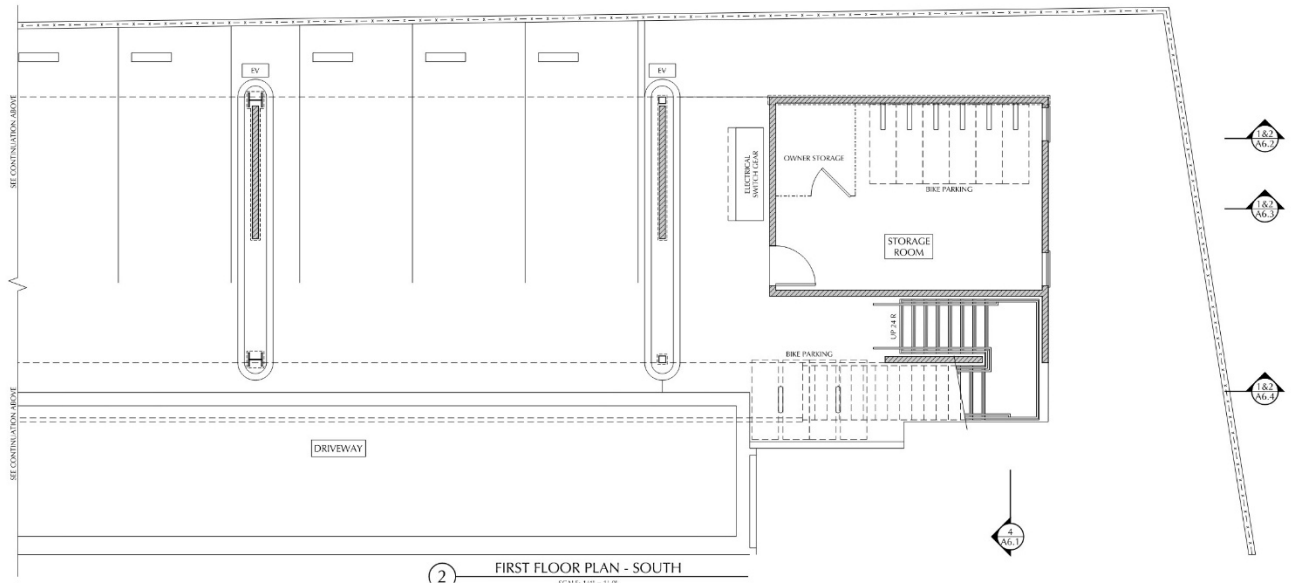
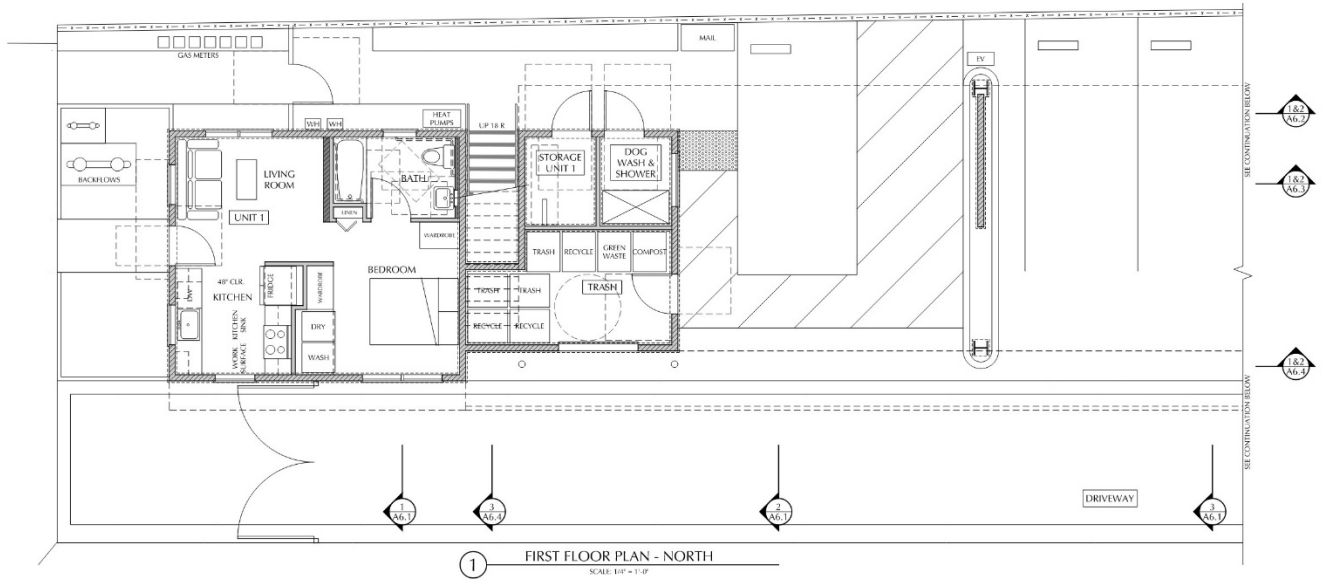
4 NORTH ELEVATION
 SCALE: 1/8" = 1'-0"

SEE A1.3 FOR ALLOWABLE OPENING CALCULATIONS PER CBC TABLE 705.8

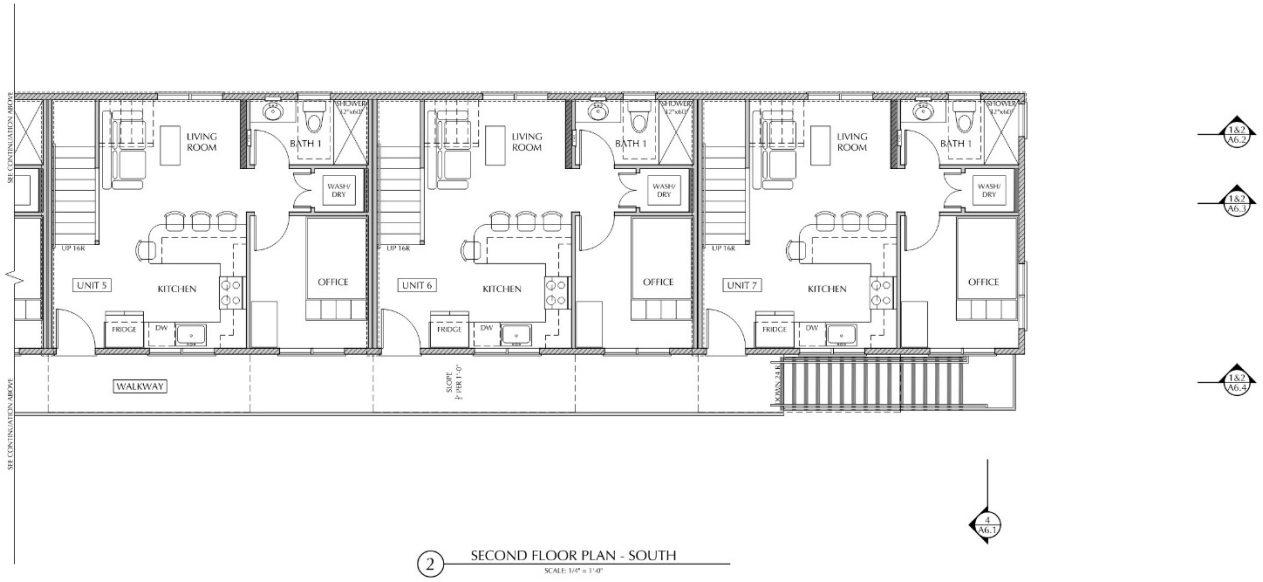
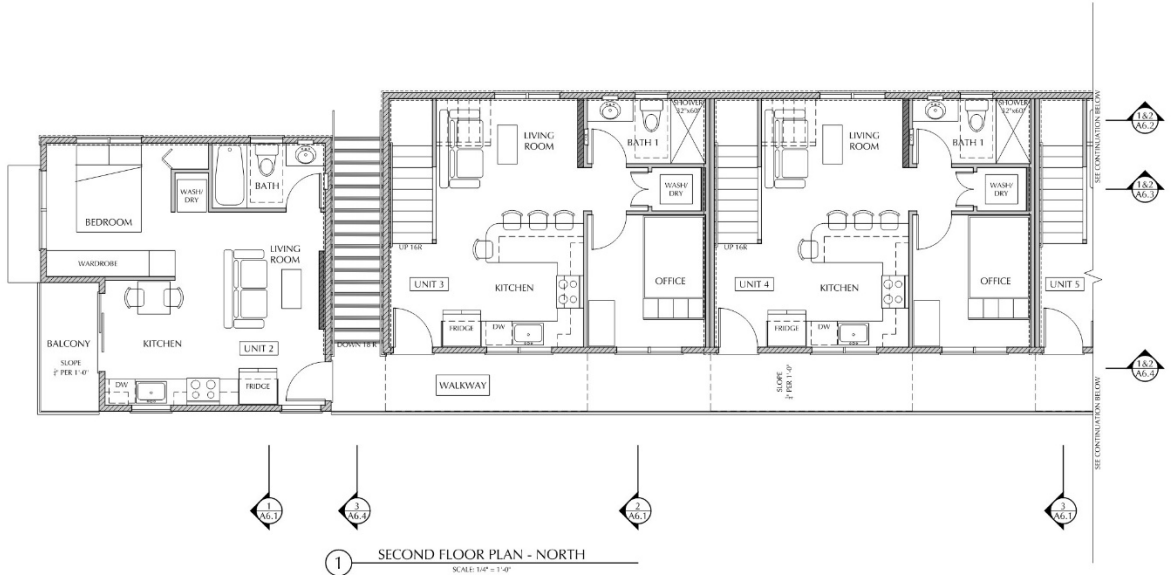
3 SOUTH ELEVATION
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SEE A1.3 FOR ALLOWABLE OPENING CALCULATIONS PER CBC TABLE 705.8

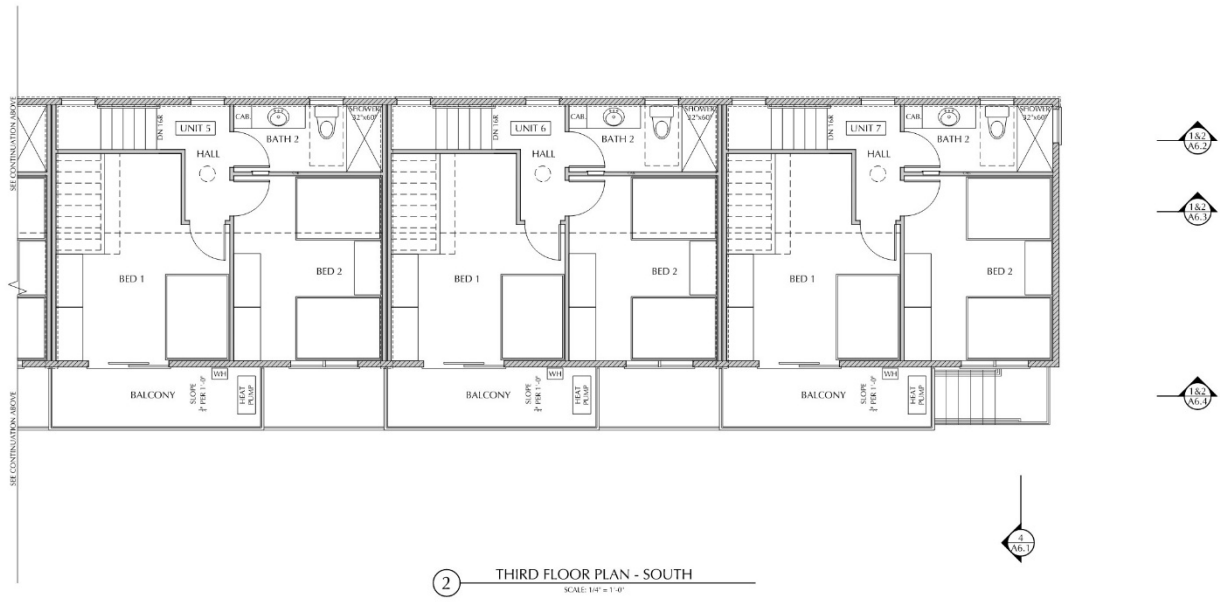
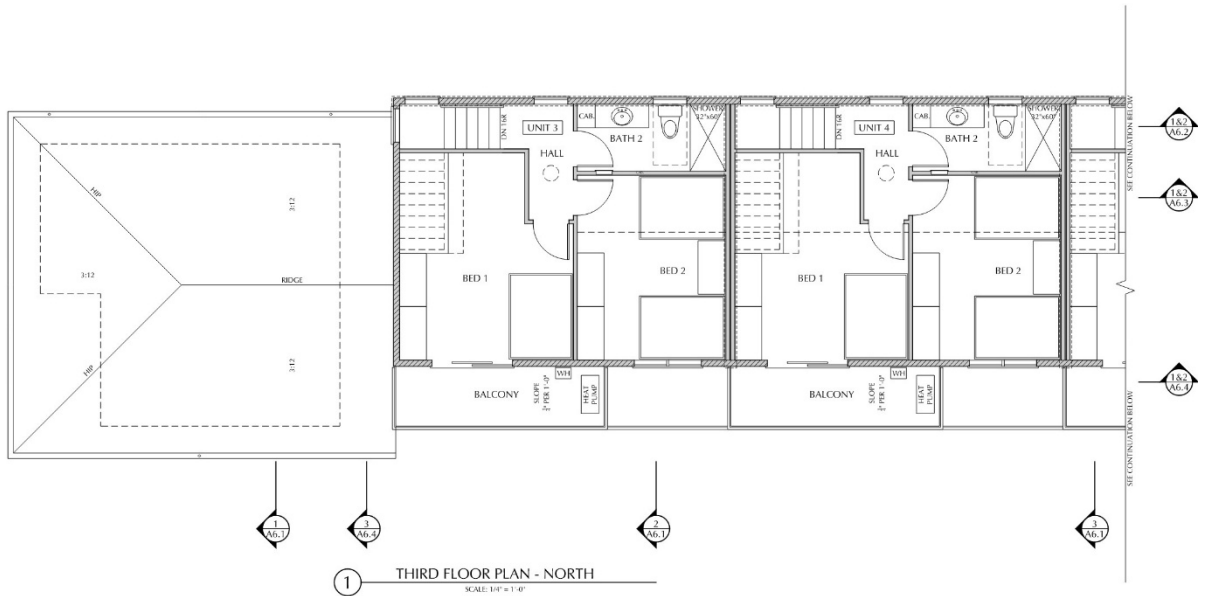
DEVELOPMENT DETAILS
FLOOR PLANS



DEVELOPMENT DETAILS
FLOOR PLANS



DEVELOPMENT DETAILS
FLOOR PLANS



DEVELOPMENT DETAILS
THEME BOARD

