

# OFFERING MEMORANDUM

440 POR LA MAR DRIVE  
SANTA BARBARA, CA 93103

FOR SALE \$7,400,000



**BERKSHIRE  
HATHAWAY** | California  
HomeServices Properties  
COMMERCIAL DIVISION



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### A Rare Trophy Multi-Family Property in a Prime Coastal California Location . . .

*The sky's the limit for this ultra-rare waterfront-area 8-unit multi-family offering steps to Santa Barbara's best beach East Beach. The building is currently operated as standard long-term unfurnished rental apartments, but the R-4 zoning designation and location within the Coastal Zone, could allow for shorter-term rental uses. As a true "trophy" asset in an A++ location, other creative higher-return uses such as furnished long-term luxury rentals, corporate rentals or specialty group rentals, all become possibilities. Furthermore, new Accessory Dwelling Unit laws may allow 2 more units to be built.*

*The property's current good condition is reflective of 20+ years of local pride-of-ownership hands-on management. 6 of the 8 units include various levels of existing upgrades, but with plenty of room remaining for a new owner's value-add to a next level of luxury appropriate for the location. Even with no further value-add improvements, the projected cap rate after a next AB 1482 round of rent bumps is estimated at ~4.0%, considered a great number for a solid waterfront-area apartment building in Santa Barbara. If value-add projects or other re-positioning is undertaken by a new owner, the cap rate potential could climb much higher. 2 of the 8 units have been kept intentionally vacant for the next owner to have a head start on re-positioning the property for their preferences.*

*Review the Offering Memorandum to see more property details, financial projections, and a description of nearby amenities which would be enticing for future high-end tenants. Residents and/or an owner-occupant would be within 1-2 blocks of casual and upscale dining, as well as the world-renowned volleyball courts and soft sand of East Beach. Dozens of additional restaurants, wine tasting and boutique retail are all within about 1 mile either in the direction of State Street / Stearns Wharf to the west, or Coast Village Road in Montecito to the east. Only a small handful of multi-family properties of this size or larger were ever built in the waterfront areas of Santa Barbara - don't miss this rare generational investment opportunity!*



### PROPERTY INFORMATION

**Assessor Parcel Number:** 017-322-006

**Zoning:** R-MH Residential Multi-Family/Hotel

**Zoning Overlay #1:** S-D-3 Special District #3

**Zoning Overlay #2:** CZ Coastal Zone

**Lot Size:** 10,890 square feet / 0.25 acres

**Habitable Square Footage:** 7,006 (per records)

**Number Of Apartments:** 8 Units

**Unit Mix:** All 2-bedroom / 1-bathroom

**Parking:** 8 spaces (uncovered)

### CURRENT RENTAL OPERATIONS

**Monthly Rents:** \$4,158 average per unit

**Laundry Income:** \$150/month, \$1800/annual

**Total Income:** \$33,265/mo., \$400,980/annual

**Owner Utilities:** Water, trash, other common

**Tenant Utilities:** In-unit electricity, gas

**Laundry:** 6 in-unit, plus laundry room (2 x W/D)

**Fully-Renovated Units (2):** Units 6, 7

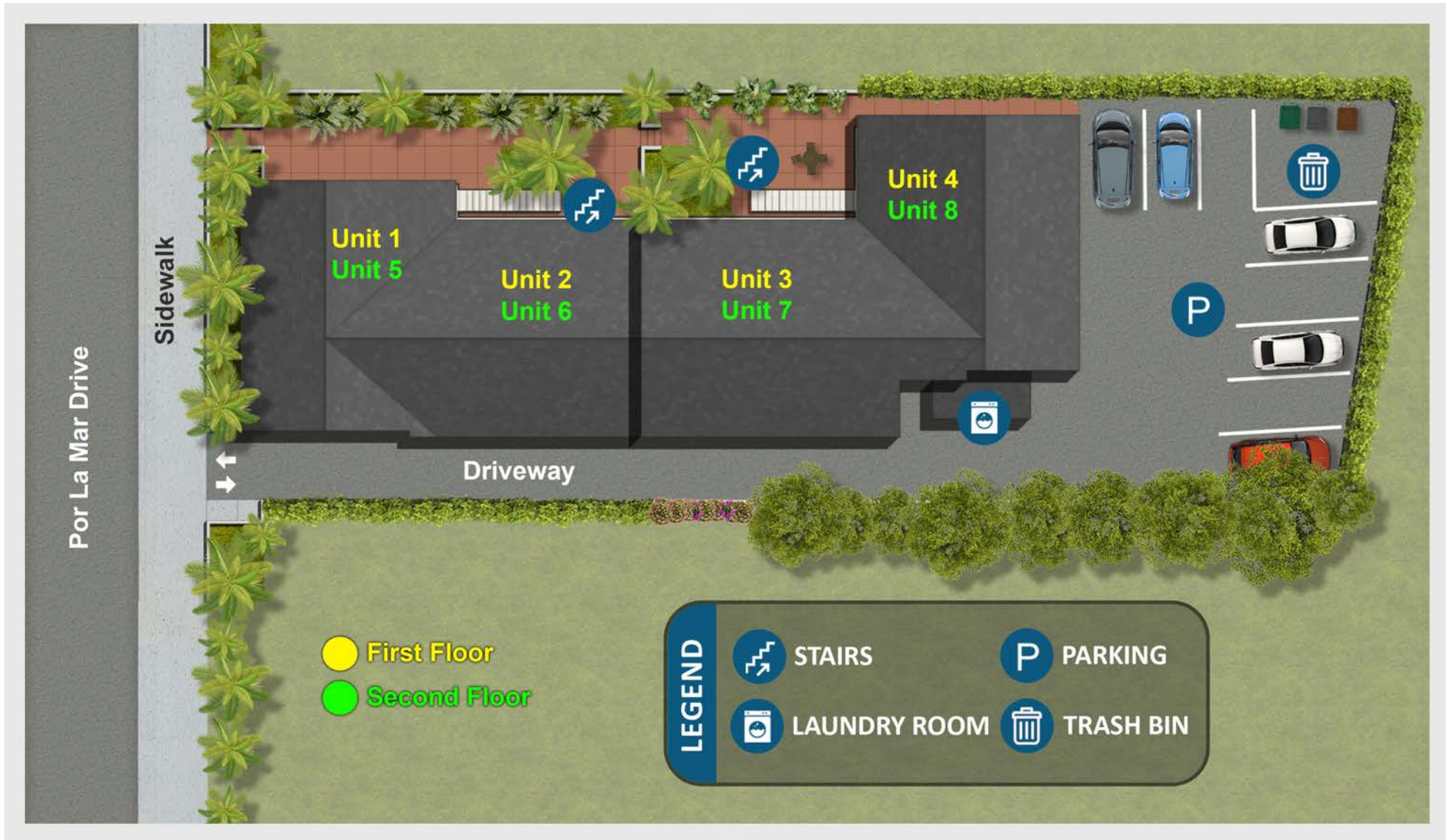
**Partially-Renovated Units (4):** Units 1, 4, 5, 8

**Unrenovated Units (2):** Units 2, 3



# SITE PLAN

440 POR LA MAR DRIVE  
SANTA BARBARA, CA 93103



### APARTMENTS #1, #4, #5, #8



Approx. 859 square feet (as measured)

### APARTMENTS #2, #3, #6, #7



Approx. 862 square feet (as measured)

= LIVING AREAS
  = BEDROOMS
  = BATHS

Floorplans were measured and depicted by VirTour Media, measurements are thought to be accurate but are not guaranteed by VirTour Media or Listing Broker/Agent, Buyer to verify to their own satisfaction. Total habitable square footage noted as 7,006 SF per City of Santa Barbara records, Buyer to also verify this information.





**Front Entry  
Into Courtyard**



**Courtyard View  
From Upper Level**



**Central Patio  
For Tenants**



**Front Exterior Showing Driveway  
With Parking Privately in Back**



**Overhead Photo Showing  
Property Boundary and Layout**



**Aerial Photo Showing Proximity  
to Beach and Pacific Ocean**





**Remodeled Kitchen  
Unit #6**



**Living Room with Fireplace  
Unit #7**



**Remodeled Kitchen  
Unit #7**



**Main Bedroom  
Unit #7**



**Second Bedroom  
Unit #7**



**Remodeled Bathroom  
Unit #7**



The property's location both within the Coastal Zone and also within the City of Santa Barbara R-4/R-MH zone, along with its premier waterfront-area location, offers the next owner the rare potential for higher-profit enhanced uses beyond only traditional long-term rentals. Below is a summary of some ideas for other uses, including a mention of potential partial or full use by an owner or for an owner's family/friends/clients/business associates.

The financial charts which follow in the pages after, first show the current and next-year long-term operational numbers based on keeping the existing condition and rental use. On the same chart is a scenario for a highly-renovated building, still as long-term unfurnished (add about \$500/month per unit for long-term unfurnished). The 2nd page of financials shows a scenario where the whole property is rented on a furnished short-term basis, where the owner would pay for all utilities and supplies/incidentals plus a higher property management fee (20% vs. 5% long-term fee).

### Long-Term Luxury Rental

- Estimated \$75K/unit for upgrades (\$600K total)
- Plus \$200K for relocation/vacancy (now \$800K)
- Improve the net cap rate to 5% and above
- Option to furnish for corporate/high-end tenant
- Furnished add 7%-10% to rent (~\$500/month)
- Extreme lack of supply for local luxury rentals

### Short-Term Rental (Partial/Full)

- Same added investment as long-term luxury rental
- Plus add furnishings (est. \$15K/unit in example)
- Analyze based on "high season" vs. "low-season"
- Approx. 1/3 of the year for "high", 2/3 for "low"
- Rental rates and occupancy much more for "high"
- Potential for net cap rate of 7%-8% if all short-term



Other possible property uses to consider, continued . . .

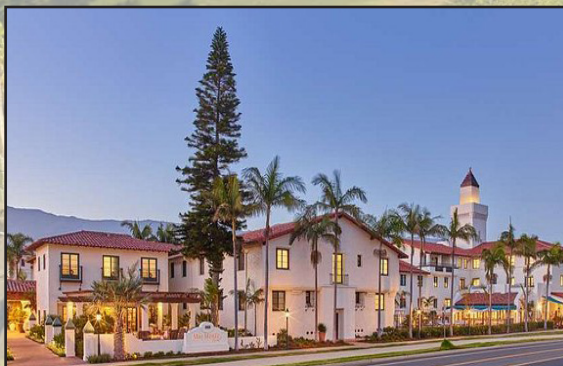
### Hospitality Partnership

- Same added investment as long-term luxury rental
- Multiple high-end hotels/resorts within ½ mile
- Also several mid-range hotels, motels and inns
- Hospitality need to expand offerings for families
- 2-bedroom luxury units nearby would fill the need
- Marketing partnership could work many ways

### Owner-User (Partial/Full)

- Waterfront/beach area, desirable for owner use
- Can start right away with owner use, 2 vacant units
- Use this way for extended family or friends
- Also consider for business clients, associates
- Start with 1 or 2 units, can expand later if needed

It doesn't get any better than Santa Barbara by the beach!





## LONG-TERM TENANCY RENTAL ANALYSIS

See below the current operational financials for 440 Por La Mar Drive, along with pro-forma financials at the next iteration of AB 1482 rent increases in the coming year (estimated at 7.5%). The right-side column illustrates the rent potential for a highly-renovated buildings; the denominator in the cap rate for this pro-forma scenario assumes an additional investment of \$800K, broken down as \$75K per unit x 8 units for renovations, \$100K for tenant relocation and \$100K for vacancy during renovations. The ~4.0% cap rate within a year for existing condition, and a 5%+ net cap rate post-renovations, are superb comparable financials for the coastal Santa Barbara location.

440 POR LA MAR DRIVE - LONG-TERM RENTAL INCOME					
UNIT #	NEXT LEASE RENEWAL DATE	BEDS / BATH / EST. SIZE	CURRENT INCOME	AB 1482 RENTS (BASED ON 7.5% EST. INCREASE)	ESTIMATED RENOVATED INCOME
1	VACANT *	2 / 1 / 859 SF	\$4,500	\$4,838	\$5,900
2	7/31/2025 (M/M)	2 / 1 / 862 SF	\$3,850	\$4,139	\$5,900
3	12/10/2025 (M/M)	2 / 1 / 862 SF	\$3,695	\$3,972	\$5,900
4	12/10/25	2 / 1 / 859 SF	\$4,295	\$4,617	\$5,900
5	5/31/25 (M/M)	2 / 1 / 859 SF	\$3,625	\$3,897	\$5,900
6	4/30/25	2 / 1 / 862 SF	\$4,300	\$4,623	\$5,900
7	VACANT *	2 / 1 / 862 SF	\$4,850	\$5,214	\$5,900
8	7/31/25	2 / 1 / 859 SF	\$4,150	\$4,461	\$5,900
LAUNDRY			\$150	\$150	\$150
* current rent for vacant units assumes re-rental in existing condition			<b>TOTAL MONTHLY</b>	<b>\$33,415</b>	<b>\$47,350</b>
			<b>TOTAL ANNUAL</b>	<b>\$400,980</b>	<b>\$568,200</b>

LONG-TERM RENTAL - EXPENSES			
EXPENSE CATEGORY	2024 ESTIMATED ANNUAL TOTAL *	2025 ANNUALIZED PRO-FORMA **	ANNUALIZED PRO-FORMA AFTER RENOVATION ***
Property Taxes (~1.064%)	\$78,736	\$78,736	\$85,109
Insurance	\$10,000	\$10,300	\$10,609
Water/Sewer (master meter)	\$7,800	\$8,034	\$8,275
Trash	\$3,000	\$3,090	\$3,183
Gas (common only)	\$200	\$206	\$212
Electric (common only)	\$250	\$258	\$265
Repairs/Maintenance/etc.	\$10,000	\$10,300	\$10,609
Landscaping	\$2,500	\$2,575	\$2,652
Management (5%)	\$20,049	\$21,546	\$28,410
<b>TOTAL ANNUAL</b>	<b>\$132,535</b>	<b>\$135,044</b>	<b>\$149,324</b>

LONG-TERM RENTAL - FINANCIAL SUMMARY			
SUMMARY METRIC	CURRENT	AB 1482 PRO-FORMA	POST-RENOVATION PRO-FORMA
Annual Income	\$400,980	\$430,919	\$568,200
Annual Expenses	\$132,535	\$135,044	\$149,324
Net Operating Income	\$268,445	\$295,874	\$418,876
Total Investment (incl rehab)	\$7,400,000	\$7,400,000	\$8,200,000
<b>CAPITALIZATION RATE</b>	<b>3.63%</b>	<b>4.00%</b>	<b>5.11%</b>
<b>GROSS RENT MULTIPLIER</b>	<b>18.45</b>	<b>17.17</b>	<b>14.43</b>

\* Property Taxes, Insurance and Management for 2024 use a Buyer's expected expense not Seller's, all other figures are actual

\*\* Assumes Buyer's new estimated expenses based on average year, plus 3% inflation for 2025, except property taxes

\*\*\* Assumes renovated-condition expenses after 2 years of 3% inflation, add 50% of renovation cost to property tax basis



## SHORT-TERM TENANCY RENTAL ANALYSIS

While the City of Santa Barbara has regulations restricting short-term rentals (STR's), within the Coastal Zone the Coastal Commission's preference for STR's has over-rode the City's restrictions and operations of STR's have continued within the Coastal Zone. The zoning of 440 Por La Mar Drive is also within the R-4/R-MH zone which would technically allow STR's even with the City's restrictions, though with development standards which may be hard to achieve. For several years STR's have continued to operate unabated in the Coastal Zone in the City of Santa Barbara; Buyer to determine to their satisfaction the likelihood of STR's being allowed in future years. This STR pro-forma example is for highly-renovated and furnished units, and assumes all 8 units are operated as STR's.

440 POR LA MAR DRIVE - SHORT-TERM ESTIMATED RENTAL INCOME			
HIGH SEASON (mid-June through Labor Day, plus 5 weeks of holidays / Spring Break / Film Festival / etc.)		LOW SEASON (all other weeks of the year)	
Number of Weeks for High Season	17	Number of Weeks for Low Season	35
Occupancy Rate for High Season	80%	Occupancy Rate for Low Season	55%
Rent/Unit High Season Per Week (\$700/night)	\$4,900	Rent/Unit Low Season Per Week (\$450/night)	\$3,150
Number of Apartment Units (all similar)	8	Number of Apartment Units (all similar)	8
Total Rent High Season	\$533,120	Total Rent Low Season	\$485,100
<b>TOTAL ESTIMATED ANNUAL RENT</b>	<b>\$1,018,220</b>	<b>AVERAGE ESTIMATED MONTHLY RENT</b>	<b>\$84,852</b>

SHORT-TERM RENTAL - EXPENSES	
EXPENSE CATEGORY	PRO-FORMA EXPENSES *
Property Taxes (~1.064%)	\$85,453
Insurance	\$10,600
Water/Sewer (master meter)	\$8,300
Trash	\$3,200
Gas (all)	\$7,000
Electric (all)	\$12,000
Cable/Internet (all)	\$20,000
Furnishings (\$15K/unit, 10-year cycle)	\$12,000
Repairs/Maintenance/etc.	\$12,000
Landscaping	\$2,700
Supplies / Incidentals	\$24,000
Advertising / Marketing	\$10,000
Management (20%)	\$203,644
<b>TOTAL ANNUAL EXPENSES</b>	<b>\$410,897</b>

SHORT-TERM RENTAL - FINANCIAL SUMMARY	
SUMMARY METRIC	PRO-FORMA TOTALS
Annual Income	\$1,018,220
Annual Expenses	\$410,897
Net Operating Income	\$607,323
Total Investment (incl. \$800K rehab)	\$8,200,000
<b>CAPITALIZATION RATE</b>	<b>7.41%</b>
<b>GROSS RENT MULTIPLIER</b>	<b>8.05</b>

\* Assumes renovated-condition expenses after 2 years of 3% inflation, add 50% of renovation cost to property tax basis



# WATERFRONT AREA MAP

**440 POR LA MAR DRIVE  
SANTA BARBARA, CA 93103**





# NEARBY ACTIVITIES

440 POR LA MAR DRIVE  
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Santa Barbara's waterfront areas offer so much near to 440 Por La Mar . . .



. . . hotels and restaurants all along Cabrillo Boulevard



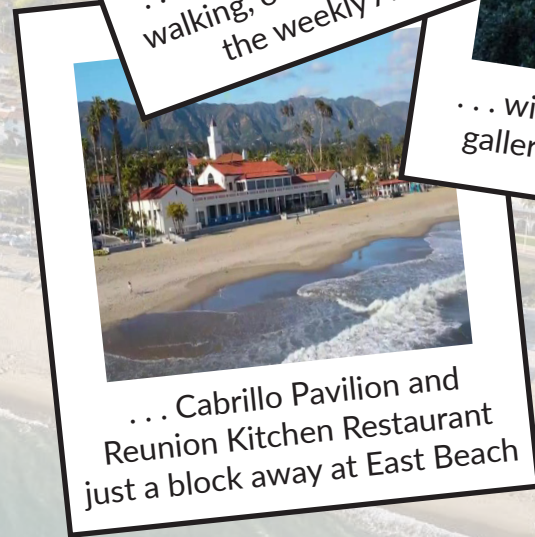
. . . views, shopping and dining at nearby Stearns Wharf



. . . Chase Palm Park - biking, walking, outdoor concerts and the weekly Art Walk



. . . beach volleyball at the famous East Beach courts, training grounds for many volleyball legends!



. . . Cabrillo Pavilion and Reunion Kitchen Restaurant just a block away at East Beach



. . . wine tasting, boutiques, galleries in the Funk Zone



# NEARBY ACTIVITIES

440 POR LA MAR DRIVE  
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# Santa Barbara is a World-Class Coastal Vacation and Tourism Destination

**\$2B+/-**

ANNUALLY SPENT BY VISITORS  
IN GREATER SANTA BARBARA

**\$7M+/-**

VISITORS ANNUALLY TO  
SANTA BARBARA

**5,000+/-**

HOTEL ROOMS IN  
SANTA BARBARA

**400+/-**

RESTAURANTS  
IN SANTA BARBARA



## A Renowned Boutique Coastal City

**S**anta Barbara, California with its moderate year-round climate and 330 annual days of sunshine on the Pacific Ocean, is one of the premier vacation and retirement destinations in the entire world, and offers its lucky residents a wealth of amenities, culture and recreation, diverse economic opportunities, and aesthetic beauty. Santa Barbara offers this package in a small size, with a population of ~95,000 in the city proper, and ~275,000 in the larger metropolitan area. The secluded and peaceful coastal location is isolated from the traffic and other issues in major cities, yet Santa Barbara is only 100 miles to the Los Angeles area and 300 miles to the San Francisco Bay Area, and is served by a national airport.

**B**eyond the \$2.2B annual tourism industry supporting dozens of boutique hotels and a couple of hundred restaurants, the Santa Barbara area is known for its world-class medical facilities including Cottage Hospital and Sansum Clinic, cutting-edge technology and software enterprises including Sonos and Pro-Core, and notable educational institutions including the University of California at Santa Barbara, Santa Barbara City College, and Westmont College. Annual festivals big and small happen nearly every week, and there are ample recreational opportunities by the waterfront and beaches, as well as in the Santa Ynez mountains right behind the city. There are 4 major performing arts theaters downtown, several celebrated museums, and a multitude of parks and specialty gardens. The city's energy is driven by an abundant spirit of hospitality, entrepreneurship, patronage of arts and culture, and love of life.

**A**ll these wonderful features of Santa Barbara provide bountiful employment opportunities and amenities for residents, and endless attractions for visitors, adding up to maximum demand for rare quality apartments for either long-term or short-term tenants, in premier locations such as 440 Por La Mar Drive.



# ABOUT SANTA BARBARA

440 POR LA MAR DRIVE  
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## "The American Riviera"



Beautiful Mediterranean Architecture



Downtown Life



3 Grand Performing Arts Theaters



Waterfront and Beaches



Mountain Recreation



Santa Barbara Harbor









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