

725-733
North E St
LOMPOC, CA

'Courtyard Apartments'

AFFORDABLE
HOUSING
MULTIFAMILY
ASSET

18 Units, all 2BD/1BA

Property tax exempt
investment

15 years remaining on
Affordable Covenants

Most Units have been
remodeled



FOR SALE



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Hayes
COMMERCIAL GROUP

222 E. Carrillo Street, Suite 101, Santa Barbara, California 93101 | HayesCommercial.com

The information contained herein has been obtained from the owner of the property or from other sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it.

5/31/23

PROPERTY OVERVIEW

Battaglia Commercial Real Estate and Hayes Commercial Group are pleased to offer for purchase three six-unit apartment buildings located in Lompoc, CA. Each apartment building is two stories and located on a separate legal parcel and feature 3 downstairs units with private patios and 3 upstairs units. Each building also include a laundry room⁽¹⁾ and 6 off street parking spaces accessible from the rear alley.

All units consist of identical 2BD/1BA units totaling approximately 751 SF each. Most units have been updated over the past seven years and include granite or quartz countertops in the kitchens, tile floors in the bathrooms and kitchens, and tile or wood-like laminate flooring in the living room/hallways/bedrooms.

Two units are vacant and in need of significant renovations. Call listing agents for more details.

(1) Currently, only one of the three laundry rooms is in use, and machines are leased from WASH laundry services.



AFFORDABILITY COVENANT

The subject property is subject to a City of Lompoc very low-income affordability covenant. The covenant allows for a maximum rent (currently) of \$1,016 per month. This figure changes upward or downward depending upon changes to the median income and changes to the utility allowance. The covenant governing the operation of the subject expires on May 1, 2037 (in 15 years).

The formula for determining the max rent (plus a utility allowance – currently \$73/month) is the HUD Median Income for Santa Barbara County x 30% x 50% (very low income) x 95% (unit size adjustment).

Tenants must qualify in order to rent the units. Tenants must make sufficient income to pay their rent but not more than 50% of the median income.

11 of the units are also subject to a different affordability covenant (HOME Funds) pertaining to a loan that expires prior to the 2037 covenant and allows for higher rents. Because the most restrictive covenant must be complied with, this covenant does not substantively impact the operation or value of the subject property.

At the time of listing, one of the subject units was occupied by County of Santa Barbara Section 8 tenant. The rents paid by the government for these tenants are not subject to the affordability covenant which can provide a far greater income potential for the property.



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Price: \$2,295,000

Price per Unit: \$127,500

of Units: 18 Units (3 six-unit buildings)

Unit Mix: All 2BD/1BA

Cap Rate: 5.00% (Section 8)
4.26% (with max HOME rents)

GRM: 11.33 (Section 8)
12.50 (with max HOME rents)

Building Size: 13,518 (751 SF per unit)

APN: 087-101-003, 004 & 005

Land Size: 27,878 SF (9,292 SF per lot)

Zoning: R-3

Parking: 18 uncovered spaces

Laundry: Room on-site (each building has a laundry room, only one is in use)



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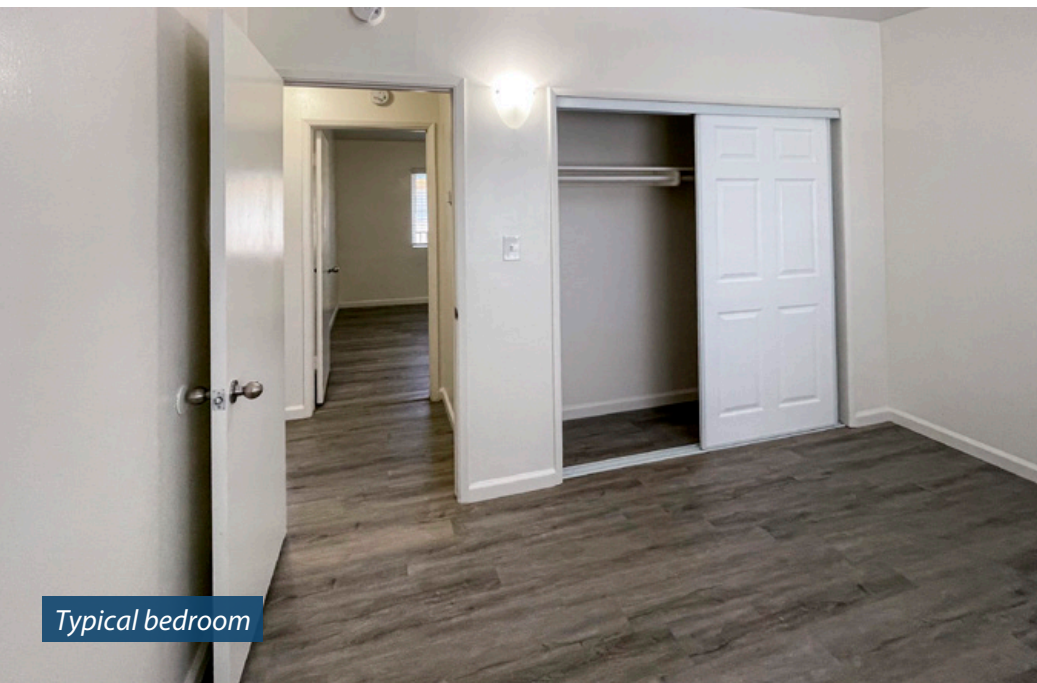
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Typical kitchen layout



Typical living room layout



Typical bedroom



Typical bathroom layout



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725 N E Street exterior



729 N E Street exterior



733 N E Street exterior



Rear of the property



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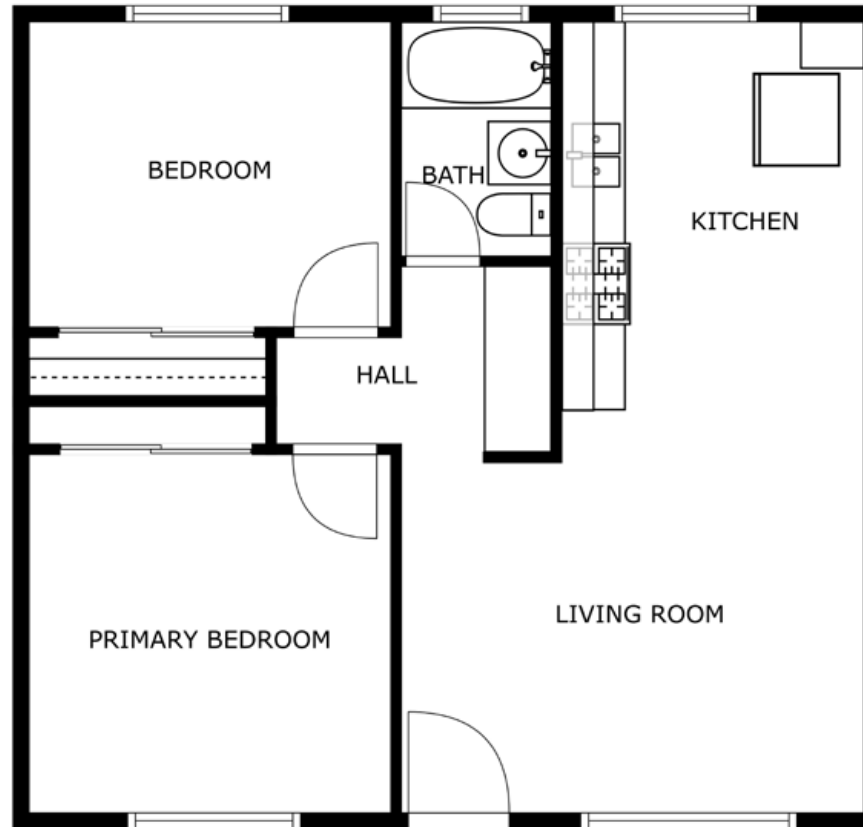
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FLOOR PLAN

Note: All units on the property feature the same layout, depicted below.



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INCOME ANALYSIS

INVESTMENT SUMMARY

PURCHASE PRICE	\$2,295,000
NUMBER OF UNITS	18
PRICE PER UNIT	\$127,500
CAP RATE (CURRENT RENTS & SECTION 8)	5.00%
CAP RATE (HOME RENTS)	4.26%
GRM (CURRENT RENTS & SECTION 8)	11.33
GRM (HOME RENTS)	12.50
BUILDING SIZE	13,518
LAND SIZE	27,878
PRICE/SF BUILDING	\$170
PRICE/SF LAND	\$82

RENT ROLL

UNIT #	BD/BA	STATUS	UNIT SIZE	PROFORMA RENTS & SECTION 8 RENTS	PROFORMA RENTS & CITY OF LOMPOC RENTS
725 - A	2BD/1BA	Vacant / Rehab	751	\$1,635	\$1,016
725 - B	2BD/1BA		751	\$683	\$683
725 - C	2BD/1BA		751	\$761	\$761
725 - D	2BD/1BA		751	\$650	\$650
725 - E	2BD/1BA		751	\$761	\$761
725 - F	2BD/1BA		751	\$790	\$790
729 - A	2BD/1BA		751	\$656	\$656
729 - B	2BD/1BA		751	\$824	\$824
729 - C	2BD/1BA		751	\$709	\$709
729 - D	2BD/1BA		751	\$1,025	\$1,025
729 - E	2BD/1BA		751	\$800	\$800
729 - F	2BD/1BA		751	\$1,500	\$1,500
733 - A	2BD/1BA	Vacant / Rehab	751	\$535	\$535
733 - B	2BD/1BA		751	\$709	\$709
733 - C	2BD/1BA		751	\$535	\$535
733 - D	2BD/1BA		751	\$1,635	\$1,016
733 - E	2BD/1BA		751	\$800	\$800
733 - F	2BD/1BA		751	\$1,635	\$1,016
TOTALS	18		13,518	\$16,643	\$14,786

INCOME & EXPENSE ANALYSIS

GROSS RENTAL INCOME	NOTES	% of EGI	PROFORMA RENTS & SECTION 8 RENTS		% of EGI	PROFORMA RENTS & CITY OF LOMPOC RENTS	
			MONTHLY	ANNUAL		MONTHLY	ANNUAL
TOTAL GROSS RENTAL INCOME			\$16,643	\$199,716		\$14,786	\$177,432
Laundry Income	2022 Act		\$242	\$2,898		\$517	\$6,200
Parking Income			\$0	\$0		\$0	\$0
RUBS			\$0	\$0		\$0	\$0
TOTAL GROSS INCOME			\$16,885	\$202,614		\$15,303	\$183,632
(LESS) Vacancy Rate	3%		-\$507	-\$6,078		-\$459	-\$5,509
EFFECTIVE GROSS INCOME (EGI)		100%	\$16,378	\$196,536	100%	\$14,844	\$178,123

OPERATING EXPENSES

Real Estate Taxes	Property Tax Exempt	0.15%	\$25	\$294	0.17%	\$25	\$294
Insurance	2022 Act	4.47%	\$733	\$8,791	4.94%	\$733	\$8,791
Gas	2022 Act	2.95%	\$483	\$5,796	3.25%	\$483	\$5,796
Electric	2022 Act	0.55%	\$90	\$1,077	0.60%	\$90	\$1,077
Water/Sewer	2022 Act	4.17%	\$682	\$8,188	4.60%	\$682	\$8,188
Repairs, Maint. & Turnover	\$1500/Unit/Year	13.74%	\$2,250	\$27,000	15.16%	\$2,250	\$27,000
Replacement	Est	0.51%	\$83	\$1,000	0.56%	\$83	\$1,000
Fire Protection	Est	0.11%	\$19	\$225	0.13%	\$19	\$225
Offsite Manager	8% of EGI	8.00%	\$1,310	\$15,723	8.00%	\$1,187	\$14,250
Taxes, Licenses & Prof. Fees	Est	0.13%	\$21	\$250	0.14%	\$21	\$250
Pest Control	Est	0.64%	\$104	\$1,250	0.70%	\$104	\$1,250
Gardening	2022 Act	1.68%	\$275	\$3,300	1.85%	\$275	\$3,300
Reserves	Est \$500/Unit/Year	4.58%	\$750	\$9,000	5.05%	\$750	\$9,000
(LESS) TOTAL ANNUAL EXPENSES		41.67%	-\$6,824	-\$81,894	45.15%	-\$6,702	-\$80,421

NET OPERATING INCOME (NOI)	58.33%	\$9,553	\$114,642	54.85%	\$8,142	\$97,702
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NOTES

Note 1: The property is subject to a City of Lompoc very low-income affordability covenant. This covenant caps rents at \$1,016 plus a utility charge of \$114 per month.

In addition to the City of Lompoc affordability covenant, 11 of the units are also subject to a HOME Funds affordability covenant that allows for higher rents. Because the most restrictive covenant must be complied with, this covenant does not substantively impact the obtainable rents on the property.

Note 2: Current Section 8 Rent is \$1,500/M at the Property but owner has requested from the County Housing Authority to increase the rent to \$1,635/M

Note 3: Units 725-A, 733-D, and 733-F are currently vacant.

Note 4: Units 725-A and 733-D are partially gutted and need to be renovated.



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AREA INFORMATION



Lompoc

The City of Lompoc, California, is located on the beautiful Central Coast, nestled in the St. Rita Hills. It is situated near the center of California's coast. Lompoc is located on the scenic Pacific Coast Highway, California Highway 1, and has major arteries running through the City connecting the residents to San Luis Obispo to the north, and Santa Barbara to the south.

Lompoc is considered a military town due to its proximity to Vandenberg Air Force Base, a missile base that led to Lompoc's rapid growth. The city experienced a tourism boom in the mid-1980's due to the shuttle launches. However, after the Challenger incident, the West Coast Shuttle Program was terminated. Today, the wine, arts, and flower culture have created a new tourist buzz for Lompoc.

Along with Santa Ynez Valley neighbors Solvang, Buellton, and Los Olivos, Lompoc is a hot spot for local wines. The Lompoc Wine Ghetto is an industrial complex where many of Lompoc's boutique wineries operate tasting rooms within the city.

Photo by Brian Sandoval



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