

DEVELOPMENT OPPORTUNITY – OPPORTUNITY ZONE

**DON JUAN VILLAS - 8 CONDOMINIUM UNITS
SAN JUAN CAPISTRANO, CA 92675**



PROPERTY HIGHLIGHTS

- Opportunity Zone investment opportunity! Ideally suited for development with a 10 year hold as rental property with sales of individual condos as the exit strategy
- Opportunity Zone benefits include immediate deferral of capital gain tax, discounts on capital gain tax of 10% to 15% if held for 5-7 years, tax free treatment on all appreciation if held for 10+ years
- 1.8 acre development site approved for 8 units consisting of four 2 unit complexes
- Grading plans approved by City of San Juan Capistrano and permits ready to pull
- Building plans approved by City of San Juan Capistrano and permits ready to pull
- Subdivision Improvement Agreement (SIA) approved by the City of San Juan Capistrano
- Large 3 bedroom townhouse units of approximately 1,554 square feet
- Each unit features attached 2 car garages with direct access into the unit
- Each unit has its own backyard
- Excellent location in Orange County California near the Mission in downtown San Juan Capistrano and less than 4 miles to the beaches in Dana Point

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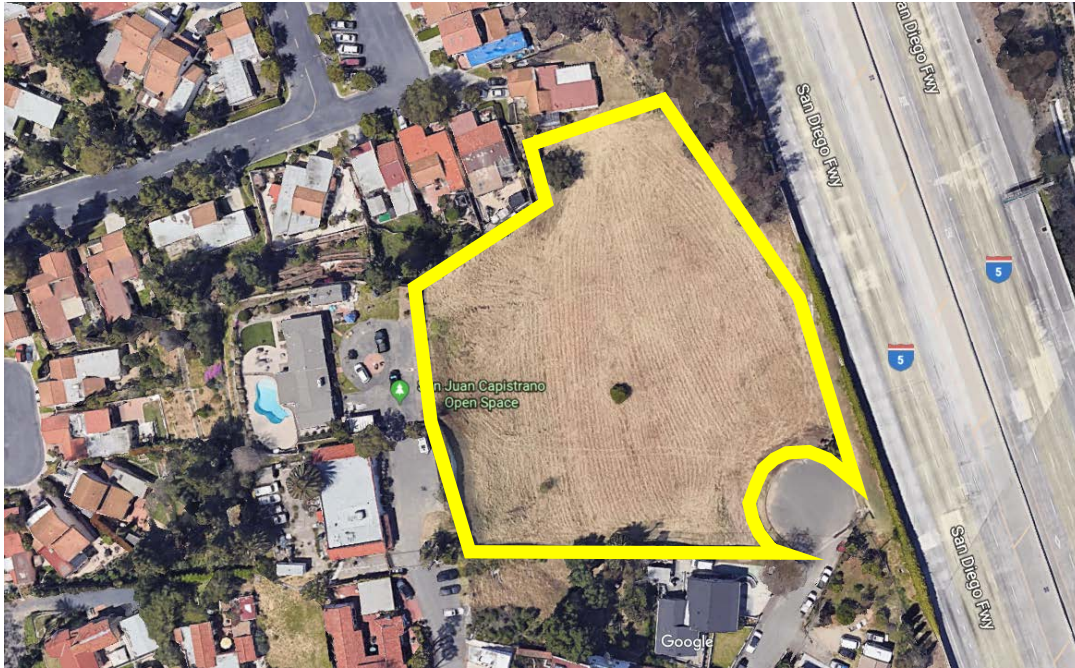
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(source – Google Earth)

PROPERTY DESCRIPTION

A rare investment opportunity to develop an 8 unit condominium multi-residential project ready for development to start immediately. The existing ownership group, PFW Partners LLC, has successfully guided this project through the permitting process with the City of San Juan Capistrano, creating immediate value for development in one of the few Opportunity Zones located in Southern Orange County, California. The project provides a unique ability for future asset management with options for the ownership group to take full advantage of the Opportunity Zone benefits by developing the units from the ground up, generating rental income from the units during a 5 to 7 to 10 year hold period and then selling the condos as individual units at any time during the ownership hold period. This offers an owner a unique ability to manage its cash flow and liquidity throughout the ownership hold period.

The 8 unit project will consist of 4 duplexes, each with 2 units that offer 3 bedrooms, 3 baths, interior laundry, 2 car attached garage, individual large deck and a patio leading to the backyard. The property is located within minutes of I5 access and is within walking distance to the historic Mission San Juan Capistrano and Downtown San Juan Capistrano.

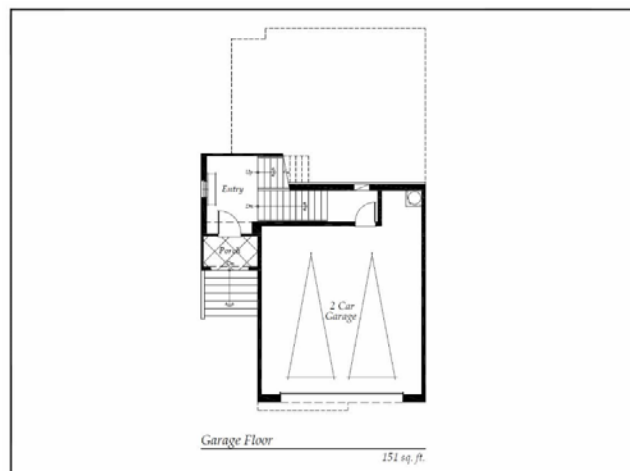
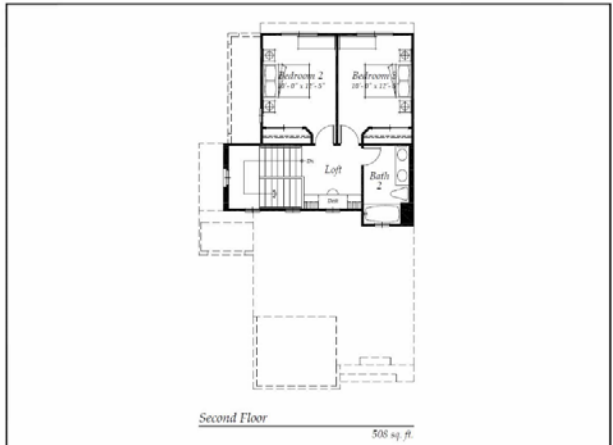
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PROPOSED DEVELOPMENT

Number of Units:	8
Unit Mix:	(8) 3BR/2.5BA
Parcel Numbers:	649-271-69, 70, 71, 72, 73 & 74
Total project development size:	1.8 acres
Unit square footage:	1,554 square feet
Total square footage:	12,432 square feet



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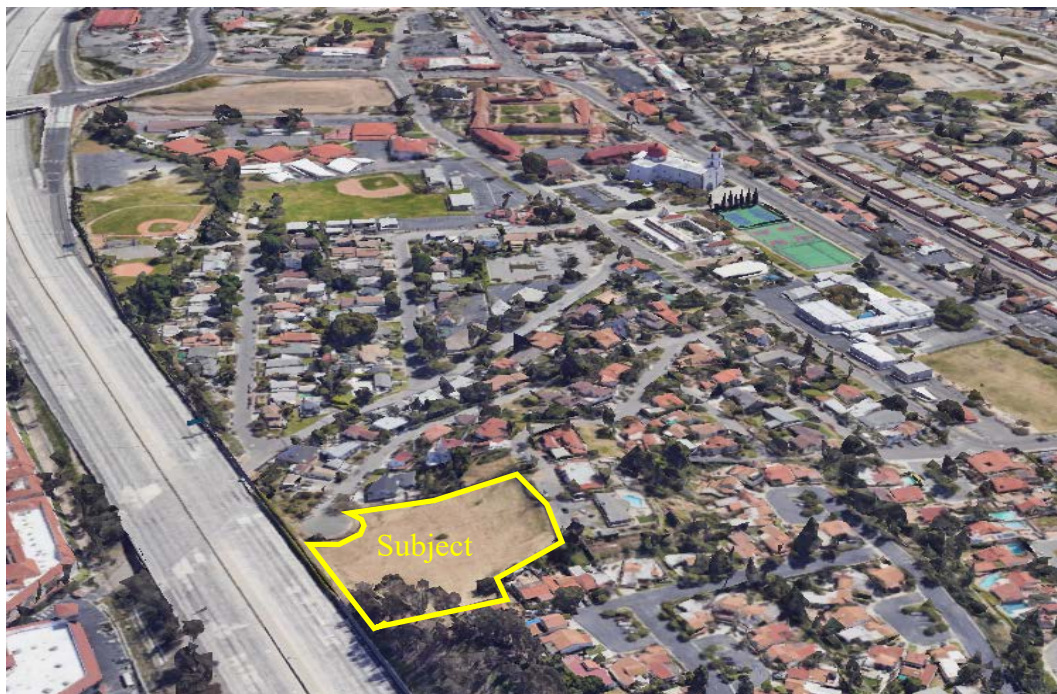


Note: images above are artist renderings only and are not to imply the project will consist of everything as drawn.

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AERIALS



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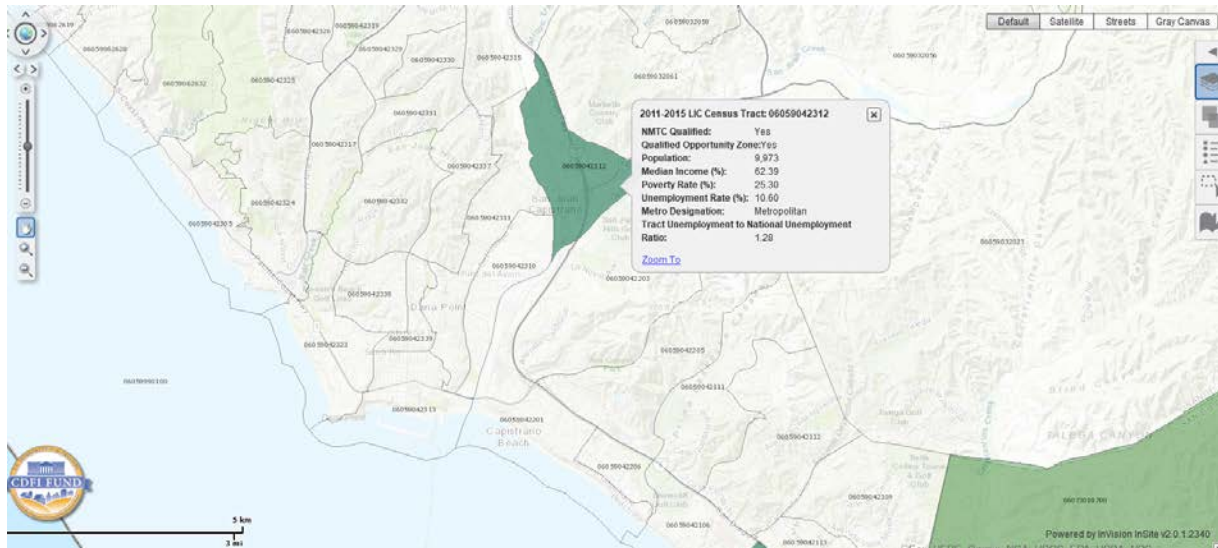
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(Source: Google Earth)

OPPORTUNITY ZONE MAP

San Juan Capistrano CA - Census Tract 06059042312



(Source: https://www.cims.cdfifund.gov/preparation/?config=config_nmtc.xml)

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OPERATING DATA IF RETAINED AS RENTAL PROJECT

3 BR/2.5 BA – 1,554 square feet unit	Projected rent = \$3,500 per unit (\$2.25 per ft)
8 units total	Projected gross monthly = \$28,000

Gross Annual Income:	\$336,000
Vacancy (3.0%)	\$ 10,080
Gross Operating Income:	\$325,920
Operating Expenses (25.5%):	\$ 83,114
Net Operating Income:	\$242,806

Note: See Quick CMA for support on rental rates.

PROJECTED PRICE PER UNIT IF SOLD AS INDIVIDUAL CONDO

Price per unit – new construction (no Mello Roos)	\$ 750,000 (\$483 per square foot)
Less: Sales Commission (3.0%)	\$ 22,500
Less: Transaction Costs (1.0%)	\$ 7,500
Net proceeds per Unit:	\$ 720,000
Total net proceeds – 8 Units:	\$5,760,000
 Total proceeds if held until year 10 and then sold:	 \$7,740,958
(assumes 3% annual growth)	

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RENTAL RATE COMPARABLES

Quick CMA Report

Closed											
Address	City	YrBuilt	#Units	COE Date	Br	Bath	DOM/CDOM	Sqft	LSqft	\$/Sqft	Price
27541 Avenida Larga	SJ	1975	29	09/04/2019	3	2	64/64	1,760	2,121	\$1.53	\$2,700
32126 Paseo Sanchez	SJ	1973	65	06/19/2019	3	2	53/53	1,415	10,019	\$1.98	\$2,800
33115 Halfmoon CT	SJ	1977	150	06/25/2019	3	2	34/34	1,556	3,000	\$1.83	\$2,850
32952 Paseo Miraflores	SJ	1973		07/01/2019	3	2	20/20	1,210	2,450	\$2.40	\$2,900
26752 Via El Socorro	SJ	1973		07/11/2019	3	2	30/30	1,209	3,341	\$2.44	\$2,950
31241 Calle Villa Clara	SJ	1973		08/03/2019	3	2	4/4	1,304	4,900	\$2.26	\$2,950
28024 Paseo Alba	SJ	1975		05/10/2019	3	2	25/25	1,478	5,000	\$2.03	\$3,000
27906 Via De Costa	SJ	1996		06/05/2019	3	3	11/11	1,347	4,356	\$2.28	\$3,075
27479 Paseo Amador	SJ	1999	196	05/31/2019	3	2	16/16	1,618	1,635	\$1.92	\$3,100
27945 Camino Del Rio	SJ	1995		07/24/2019	3	3	60/60	1,598	2,600	\$1.94	\$3,100
32091 Via Flores	SJ	1985	100	04/24/2019	3	2	11/11	1,728		\$1.79	\$3,100
29321 Sandalwood CT	SJ	1974		08/15/2019	3	3	6/6	1,611	5,640	\$1.99	\$3,200
27387 Paseo Sienna	SJ	1988	198	07/11/2019	3	2	54/57	1,692		\$1.95	\$3,300
28038 Via De Costa	SJ	1996	150	05/01/2019	3	3	20/20	1,598		\$2.10	\$3,350
31635 Via Madonna	SJ	1967		07/15/2019	3	2	15/15	1,700	7,260	\$2.03	\$3,450
32212 Via Barrida	SJ	1979	200	10/09/2019	3	2	37/37	1,736	2,015	\$2.19	\$3,800
Maximum:					3	3.00	64/64	1,760	10,019	\$2.44	\$3,800
Minimum:					3	2.00	4/4	1,209	1,635	\$1.53	\$2,700
Average:					3	2.25	29/29	1,535	4,180	\$2.04	\$3,102
Median:					3	2.00	23/23	1,598	3,341	\$2.01	\$3,088

Criteria:

Property Type is 'Residential Lease'

Standard Status is 'Closed'

Contract Status Change Date is 10/15/2019 to 04/18/2019

City is 'San Juan Capistrano'

Bedrooms Total is 3

Living Area is 1200 to 1800

Garage Spaces is 2

(Source: CRMLS – Mark Williams, Broker DRE #01384695)

Note that the above rental comparables are for properties built in 1996 or earlier (all more than 23 years old). There are no comparables for newly constructed rental properties. The projected rent of \$2.25 per square foot for the Don Juan Villas units reflects a 10% premium for new construction.

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CLOSED SALE COMPARABLES

Quick CMA Report

			Br/Ba	Sqft	LSqft	List Price	Sold Price	\$/Sqft
Total Listings:	4	Maximum:	3/3.00	1,899	269,819	\$849,990	\$815,000	\$429.17
Total on Market:	0	Minimum:	3/3.00	1,836	510	\$689,990	\$675,000	\$367.65
Sold/Exp Ratio:	0.00	Average:	3/3.00	1,883	67,933	\$793,395	\$765,975	\$406.41
		Median:	3/3.00	1,899	702	\$816,799	\$786,950	\$414.40

Closed											
Address	City	YrBuilt	Sale Type	COE Date	Br	Bath	CDOM	Sqft	LSqft	\$/Sqft	Price
33470 Paseo El Lazo	SJ	2018	STD	05/31/2019	3	3	162/330	1,836	510	\$367.65	\$675,000
33450 Paseo El Lazo	SJ	2019	STD	06/11/2019	3	3	65/65	1,899	703	\$402.32	\$764,000
33450 Paseo El Lazo	SJ	2019	STD	09/24/2019	3	3	56/56	1,899	701	\$426.49	\$809,900
33401 Paseo El Lazo	SJ	2018	STD	04/30/2019	3	3	30/30	1,899	269,819	\$429.17	\$815,000
				Maximum:	3	3.00	330	1,899	269,819	\$429.17	\$815,000
				Minimum:	3	3.00	30	1,836	510	\$367.65	\$675,000
				Average:	3	3.00	120	1,883	67,933	\$406.41	\$765,975
				Median:	3	3.00	61	1,899	702	\$414.40	\$786,950

Criteria:

Property Type Is 'Residential'

Standard Status Is 'Closed'

Contract Status Change Date Is 10/15/2019 to 04/18/2019

Property Sub Type Is one of 'Condominium', 'Townhouse'

City Is 'San Juan Capistrano'

Bedrooms Total Is 2 to 3

Year Built Is 2016+

(Source: CRMLS – Mark Williams, Broker DRE #01384695)

Note that the above sales are in Taylor Morrison's The Cove project in the Pacifica San Juan development. The above properties have HOA Dues of \$467 per month and have Mello Roos/CFD assessments. The combined property tax and Mello Roos assessments are approx. 1.47% per annum. The Don Juan Villas project will have NO Mello Roos which adds value to the projected per square foot price.

The conforming loan limit and FHA/VA loan limit for Orange County as of January 2020 is \$765,600 and financing is available for purchases with as little as 5.0% down for conventional loans, 3.5% down for FHA loans and 0% down for VA loans. We believe these properties would support a \$750,000 sales price if they were available for sale in the current market.