

Nevin Real Estate Advisors

Development Strategy and Residual Land Value Study
1062 Tourmaline Street
San Diego CA 92109
(APN 415-262-13-00)

Prepared for

David and Marlene Garstang

By: Alan Nevin
Nevin Real Estate Advisors

July 19, 2020

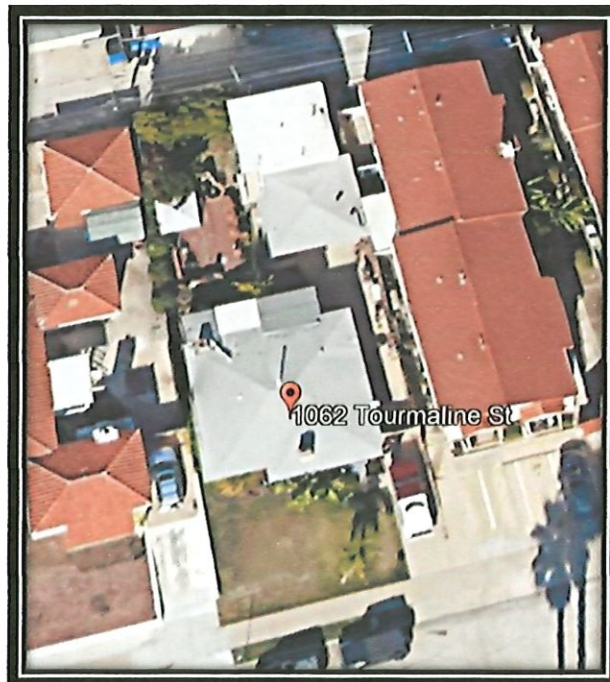
To: David and Marlene Garstang

From: Alan Nevin

Date: July 13, 2020

**Re: Development Strategy Study and Residual Land Valuation, 1062
Tourmaline Street, San Diego CA 92109**

Nevin Real Estate Advisors has been retained to prepare a development strategy study and residual land valuation of the 6,243 square foot property at 1062 Tourmaline Street in the Pacific Beach area of the City of San Diego (APN-. 415-262-13-00)



The neighborhood of the subject property, because of its multi-family zoning, is gradually turning into a higher density community. There are more than three dozen properties under construction or re-construction in the neighborhood.

1062 Tourmaline is sited between two multi-family properties: one a 10-unit rental at the corner of Tourmaline and Dawes (5102-24 Dawes St.) to the East and a 1946-vintage home with multi-family zoning to the west (1052 Tourmaline).

The subject property is walking distance to a Gelson's supermarket and numerous retail/restaurants along Turquoise and Cass Streets. And, of course, it is a five-block walk to the Beach.

Section 1: The Community of Pacific Beach

Arguably, Pacific Beach is San Diego's most popular beach community, housing almost 60,000 persons.



Pacific Beach has been largely built out for the past fifty years and has slowly gained population as new higher density development replaces older low density housing.

Section 2: The Pacific Beach Housing Market

The P.B. housing market is, by and large, a multi-family community with more than 2/3rds of the housing units multi-family, ranging from duplexes to 500-unit apartment complexes.

The three largest apartment complexes comprise almost 1/3rd of the 20+ unit projects. (The Plaza and the two Oakwood complexes on Ingraham Street). The Plaza at 1801 Diamond Street was converted to condominiums in the mid-1970's.

Half of the attached projects in Pacific Beach range in size from two to nineteen units.

Housing Units by Type Pacific Beach (92109) 2018		
Year	2018	%
Single Family Detached	7,514	29.1%
Small Projects		
2-4 Units	7,414	
5-9 Units	3,973	
10-19 Units	2,392	
Total Small Projects	13,779	53.3%
20+ Units	4,536	17.6%
Total Attached	18,315	70.9%
Total	25,829	100.0%

Source: Census American Community Survey

In the past 40 years, only one large apartment complex has been developed in 92109, that the 172 –unit Jefferson JPI that opened on Mission Bay Drive at Grand Avenue in 2020, on the site of the former Guy Hill Cadillac dealership. Typical rents and unit sizes at Jefferson JPI are shown here:

**Unit Sizes & Rents
Jefferson JPI
Mission Bay Drive**

Unit Type	Typical		
	Sq.Ft.	Rent	\$/Sq.Ft.
1 BR, 1 Bath	759	\$ 2,476	\$ 3.26
2 BR, 2 Bath	1,168	\$ 3,280	\$ 2.81

Single-Family Detached resales in Pacific Beach are typically priced at \$1.3 million+ and, of course, far more than that on the Ocean and Bayfront.

**Resale Activity - January-June 2019-2020
Existing Detached Homes
Pacific Beach (92109)**

Category	Detached	
	Jan-June 2019	Jan-June 2020
Closed Sales	107	65
Median Sales Price	\$ 1,335,000	\$ 1,390,000

Source: San Diego Association of Realtors

In this report, we will focus on the Pacific Beach condominium market as it is likely that the Tourmaline property will be redeveloped with condominiums or single family homes with an "Accessory Dwelling Unit" (ADU) – i.e, granny flat. .

The Pacific Beach New Home Market

There are currently two new home subdivision projects for sale in Pacific Beach, both in the Crown Point/South Mission area and both by Lennar. I include them here because they are the first two new home products in Pacific Beach in decades. Both are walking distance to the water, but not beachfront. They are both on lots smaller than 3,000

square feet and have prices in excess of \$1,250,000. Both have recently opened for sale.

New Detached Homes Subdivisions Pacific Beach							
Project	Developer	Sq.Ft.		Price		\$/Sq.Ft.	
		Low	High	Low	High	Low	High
Eko Blok 3943 Shasta	Lennar	1,711	1,766	\$1,343,900	\$1,359,000	\$ 785	\$ 770
Bayside Cove 807 Santa Barbara	Lennar	1,239	1,258	\$1,354,900	\$1,285,900	\$1,094	\$1,022

Section 3: Possibilities for Redevelopment of the Subject Property

With the assistance of architect Dan Linn, we put together a profile of the property from a potential redevelopment standpoint. The key to redevelopment is the fact that the property is two 25' wide lots, each 125' feet deep on which back onto an alley.

Like all properties west of I-5, the height limit is 30 feet. The property is zoned RM-1-1, one of numerous multi-family zones in Pacific Beach.

Size and Zoning 1062 Tourmaline Dan Linn, Architect

APN	415-262-13-00
Legal Description	Lots 25 and 26, Block 7, Map 913
Zoning	RM--1-1
Zoning Overlay	Coastal, Coastal Height Limit, Parking Impact
Lot Sq.Ft.	6,243
Lot Width	25X2=50
Lot Depth	125

Mr. Linn developed several development scenarios for redevelopment of the lot.

The basic scenarios are shown here:

- Build a home of 4,688 square feet on the two lots;
- Build a home of 4,688 square feet on the two lots and build a 750 sq .ft. Accessory Dwelling Unit (ADU) – also known as a “granny flat.”
- Build a 2,344 square foot home on each of the two lots
- Build a 2,344 square foot home on each of the two lots, each of them with a 750 square foot ADU.

In all cases, the parking would be off the alley. Given the side yard setbacks, each 25' wide lot would accommodate a two-car garage, or two tandem two-car garages, depending on design.

As an aside, it is also possible to build a subterranean level (i.e, basement). That does not count against the F.A.R. As a personal note, a friend and I built three houses in La Jolla Shores, each with a basement (one had an elevator). The basement sold for approximately the same dollar per square foot as the upper floors.

**Development Scenarios
1062 Tourmaline
Dan Linn, Architect**

Units Allowed	1 Per 3,000 Sq.Ft. of Lot Area
Height Limit	30 Feet
Setbacks	
Side Yard	Varies with lot width
Front (Street)	Standard Yard: 20 feet Minimum Yard: 15 feet
Rear	15 feet (10' feet of alley width plus 5 feet on property)
Floor Area Ratio	.75 x Lot Area (6,243 Sq.Ft.) = 4,688 square feet (includes all enclosed areas, etc.)
Lot Coverage	n/a
Scenario 1	2 single family detached residences (SFR) (one per lot) Each lot: 3,120 square feet Each house: .75 x 3,120 = 2,340 square feet Setbacks (side yard) minimum 3.0 feet
Scenario 1-A	Construct SFR with Accessory Dwelling Unit (ADU) - i.e, "granny flat" ADU = up to 750 square feet (in addition to 2,340 sq.ft. main house)
Scenario 2	One house (SFR) covering both lots 4,680 square feet Setbacks: side yard 5' per side (but never less than 4')
Scenario 2A	Build one ADU as noted in 1A
Scenario 3	Front unit and back unit as Condo or Rental Floor area: split the 4,680 sq.ft. as desired Setbacks (side yard) per Scenario 2
Scenario 3A	Build one ADU in addition (max. allowed in this case)