

CONFIDENTIAL OFFERING MEMORANDUM

# 3 HOMES | RM-2.5 DEVELOPMENT LOT



1430 MERRILL STREET, SANTA CRUZ  
➤ OFFERED AT \$2,495,000

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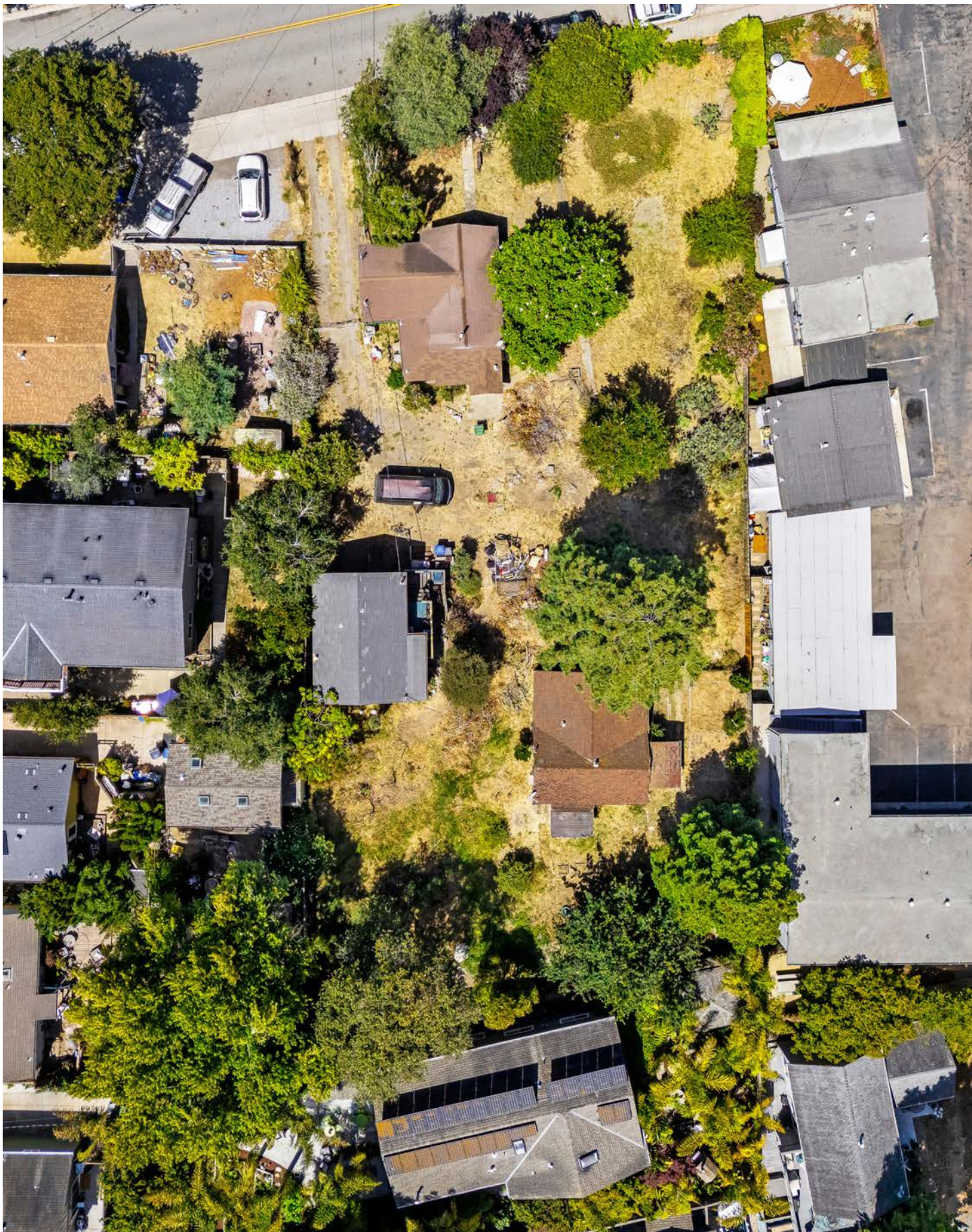
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COMMERCIAL | MULTIFAMILY | DEVELOPMENT





COMMERCIAL | MULTIFAMILY | DEVELOPMENT





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CONFIDENTIAL OFFERING MEMORANDUM

# PREMIER MULTI-FAMILY OFFERING

## 1 > PROPERTY OVERVIEW

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> Property Highlights

> Property Details



## 1. PROPERTY OVERVIEW

# PREMIER MULTI-FAMILY OFFERING

## PROPERTY HIGHLIGHTS



## PROPERTY HIGHLIGHTS

### RARE OPPORTUNITY

The largest high-density multifamily development parcel to hit the market walking distance to the beach in over 50 years.

### ADDRESS

1430 Merrill Street, Santa Cruz, CA 95062

### APN

027-273-01

### LOT SIZE

19,500 SF (0.451 acres)

### GENERAL PLAN

R-UH - Urban High Residential

### ZONING

RM-2.5 - High Density Multifamily Residential

### DEVELOPMENT POTENTIAL

19 units (14 base + 5 density bonus)

### LIST PRICE

\$140 PSF (\$2,495,000)

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



## PROPERTY DETAILS

### SITE CHARACTERISTICS

Corner Location: 14th Avenue & Merrill Street

### TOPOGRAPHY

Level lot

### CONFIGURATION

Approximately 100' x 200'

### UTILITIES

All public utilities available

### COASTAL ZONE

NOT in Coastal Zone Appeal Jurisdiction

### EXISTING IMPROVEMENTS

Three residential structures in disrepair

No rental history (primary residence)

Seller certification of non-rental status

Caretaker/groundskeeper available if needed

### ENTITLEMENT STATUS

Current Zoning: RM-2.5 (Medium-High Density Residential)

General Plan: R-UH (Urban High Residential)

Density: 14 base units + 5 density bonus = 19 total

SB 684/1123 Eligible: Yes, for single-family conversion





## 2 >

## LOCATION OVERVIEW

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- > Coastal Access & The Neighborhood
- > Location Map
- > Aerial Overview



## LOCATION & WALKABILITY THE NEIGHBORHOOD

### UNMATCHED COASTAL ACCESS

Located in the heart of Live Oak's East Cliff Village, this property offers extraordinary walkability to Santa Cruz's most beloved destinations:

BLACK'S BEACH: 6-minute walk

LIVE OAK FARMERS MARKET: 3-minute walk

LAGO DI COMO: 4-minute walk

STARBUCKS & BODEGA LAGO: 5-minute walk

SUNNY COVE BEACH: 7-minute walk

### NEIGHBORHOOD OVERVIEW

Live Oak represents one of Santa Cruz County's most desirable residential neighborhoods, combining:

ESTABLISHED residential character

PREMIUM coastal proximity

STRONG rental demand

LIMITED new development opportunities





### 3. LOCATION OVERVIEW

## PREMIER MULTI-FAMILY OFFERING

### LOCATION MAP



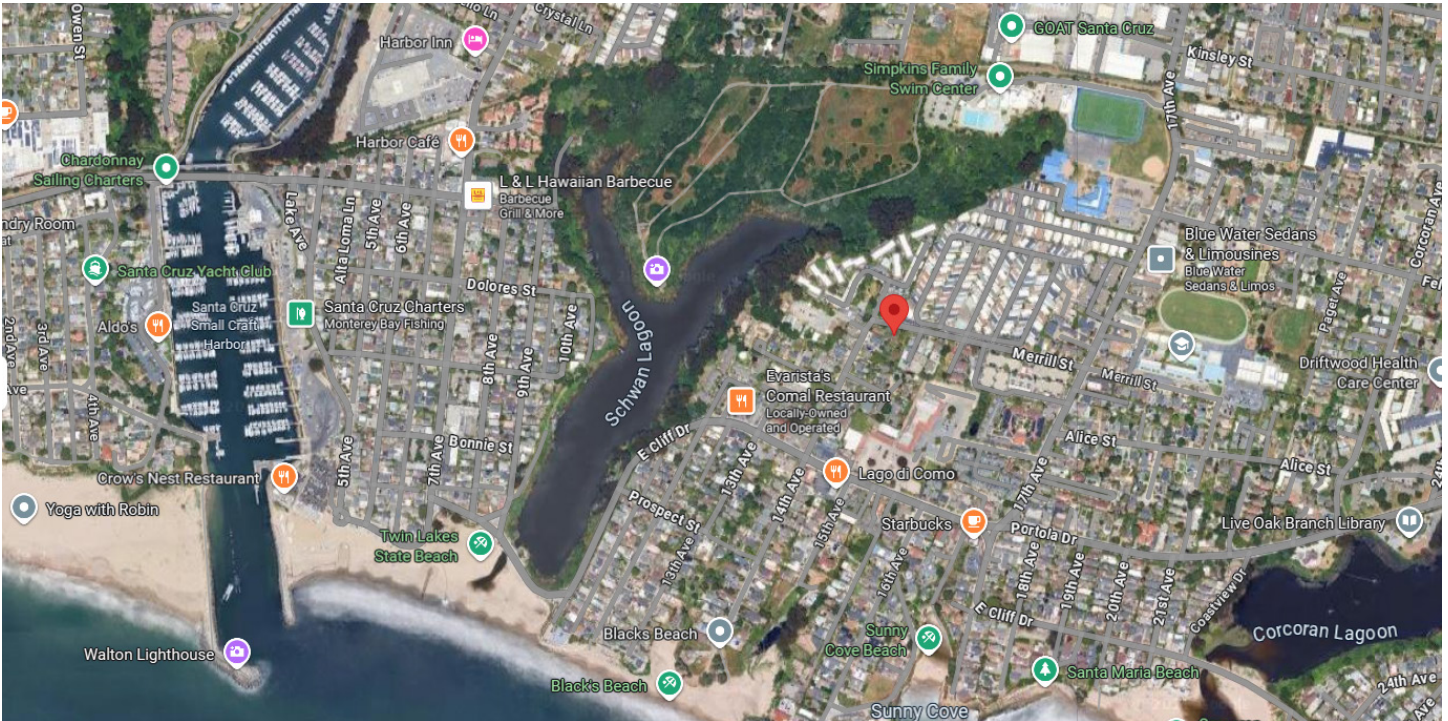
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### 3. LOCATION OVERVIEW

## PREMIER MULTI-FAMILY OFFERING

### AERIAL OVERVIEW



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### 3 >

## DEVELOPMENT ANALYSIS

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- > Recommended: Multifamily (19 units)
- > Alternative: SFR (6 units)
- > Market Analysis
- > Why This Opportunity



## PREMIER MULTI-FAMILY OFFERING

DEVELOPMENT COSTS

## TOTAL UNITS

19 (17 market-rate  
+ 2 affordable)

## BUILDING SIZE

14,400 SF

7 × 600 SF =  
4,200 SF  
(1-bed units)

12 × 850 SF =  
10,200 SF  
(2-bedroom units)

## UNIT MIX

7 one-bedrooms  
(600 SF)

12 two-bedrooms  
(850 SF)

DEVELOPMENT COSTS

Building Cost: 14,400 SF × \$450/  
SF = \$6,480,000

Land Cost  
\$2,730,000 (at list price)

Soft Costs/Permits/Site Work  
(20% of building cost)  
\$1,290,000

Total Development Cost:  
\$10,500,000

ANNUAL RENTAL INCOME

Market Rate Units (17 units)

6 × 1BR @ \$3,200/month  
\$230,400 annually

11 × 2BR @ \$4,200/month  
\$554,400 annually

Affordable Units  
(2 very low income units)  
1 × 1BR @ \$2,878/month \$34,536  
annually

1 × 2BR @ \$3,789/month \$45,468  
annually

Total Annual Rental Income \$864,808

FINANCIAL PERFORMANCE

Annual Rental Income  
\$864,808

Operating Expenses  
(30% expense ratio) \$259,442

FINANCIAL PERFORMANCE CONT...

Net Operating Income (NOI)  
\$605,366

Property Valuation at 4.00% Cap Rate:

Market Value:  
\$605,366 ÷ 4.00% = \$15,134,150

INVESTMENT RETURNS

Total Investment \$10,500,000

Annual NOI \$605,366

Cash-on-Cash Return 5.76%

Estimated Equity Gain  
\$4,634,150 (\$15.1M - \$10.5M cost)

Total Return \$4.6M equity + ongoing  
\$605K annual cash flow

KEY METRICS SUMMARY

Cost per Unit \$552,632

Cost per SF \$729

Revenue per Unit  
\$45,516 annually

NOI per Unit: \$31,861 annually

Immediate Equity per Unit: \$244,008

## PREMIER MULTI-FAMILY OFFERING



1430 MERRILL STREET

SANTA CRUZ, CALIFORNIA



### DEVELOPMENT PROGRAM

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#### ALTERNATIVE

Single-family development (6 units)

TOTAL UNITS  
6 luxury homes

UNIT SIZE  
1,750 SF (3BR/2.5BA)

TOTAL BUILDING  
10,500 SF

#### FINANCIAL PROJECTIONS

TOTAL DEVELOPMENT COST  
\$6,300,000 (\$600/SF)

PROJECTED SALES REVENUE  
\$12.6M - \$14.4M

GROSS PROFIT  
\$6.3M - \$8.1M

PROFIT MARGIN  
100% - 129%



1430 MERRILL STREET, SANTA CRUZ, CA 95062



FOR SALE | \$2,495,000

## WHY THIS OPPORTUNITY MATTERS

### 1. Scarcity Value

Largest RM-2.5 parcel available in 50+ years

### 2. Premium Live Oak location

Walkable coastal proximity

### 3. Development Ready

Clean title with no rental history  
Level, rectangular lot configuration  
All utilities available

### 4. Financial Performance

Immediate equity creation potential  
Strong cash flow projections  
Multiple exit strategies

### 5. Market Timing

Housing shortage in Santa Cruz County  
Limited competing development sites  
State/local support for housing development

### 6. Target Close

Nov 15 - Dec 1, 2025



## PREMIER MULTI-FAMILY OFFERING



1430 MERRILL STREET, SANTA CRUZ, CA 95062



FOR SALE | \$2,495,000

### PROPERTY DETAILS/SITE CHARACTERISTICS

Corner Location: 14th Avenue & Merrill Street  
Topography: Level lot  
Configuration: Approximately 100' x 200'  
Utilities: All public utilities available  
Coastal Zone: Yes (not in residential exclusion area)

### EXISTING IMPROVEMENTS

Three residential structures in disrepair  
No rental history (primary residence)  
Estate attorney certification of non-rental status  
Caretaker/groundskeeper available if needed

### ENTITLEMENT STATUS

Current Zoning: RM-2.5 (Medium-High Density Residential)  
General Plan: R-UH (Urban High Residential)  
Density: 14 base units + 5 density bonus = 19 total  
SB 684/1123 Eligible: Yes, for single-family conversion

### MARKET ANALYSIS SANTA CRUZ HOUSING MARKET

Average Home Price: \$1.26M (up 1.2% YoY)  
Median Price/SF: \$1,110  
New Construction Premium: 15-20% above existing  
Market Conditions: Limited inventory, strong demand

### MARKET RATE RENTS 2024

1-Bedroom: \$3,200/month  
2-Bedroom: \$4,200/month  
Affordable Housing Rents:  
1-Bedroom VLI: \$2,878/month  
2-Bedroom VLI: \$3,789/month  
Listing Expiration: December 25, 2025

### DUE DILIGENCE

Survey in progress  
Title clear with estate certification  
Environmental Phase I recommended  
Buyer to verify all development assumptions





## 4 >

## SALES COMPAREABLES

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- > Comparative Analysis
- > Development Site Comparables

COMPARATIVE ANALYSIS Subject property offers superior value with high-density zoning at competitive pricing compared to recent transactions.	Property	Price/SF	Zoning	Development Density
	1430 Merrill (Subject)	\$140	RM-2.5	1 DU per 2,500 sf at Base Density 1 DU per 1,000 sf at Bonus Density Flexibility with SFR using housing laws
	3811 Portola	\$185	C-2	27 du/acre Up to 80% Residential Minimum of 20% Commercial
	2378 Harper	\$35	R-1-6	Single Family Residential (Detached only) 1 du per 6,000 sf
	1940 Kinsley	\$50	RM-4	Multifamily with Historical Designation Significant Restrictions 1 du per 4,000 sf

## DEVELOPMENT SITE COMPARABLES

## 3811 PORTOLA DRIVE, SANTA CRUZ

List Price: \$3,995,000

Lot Size: 0.495 acres (21,564 SF)

Price/SF: \$185 PSF

Zoning: C-2 (Commercial)

Development Potential: 40+ units mixed-use

Status: Active (13 days on market)

## 1940 KINSLEY STREET, LIVE OAK

Current List Price: \$2,000,000

Previous List: \$1,795,000 (March 2023)

Lot Size: 0.92 acres (40,162 SF)

Price/SF: \$50 PSF

Zoning: RM-4-L

Existing: 3 homes + workshop

## 2378 HARPER STREET, LIVE OAK

Sale Price: \$2,500,000 (Sold 8/19/2024)

Lot Size: 1.63 acres (70,872 SF)

Price/SF: \$35 PSF

Zoning: R-1-6-D

Note: Single-family zoning w/subdivision potential





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