

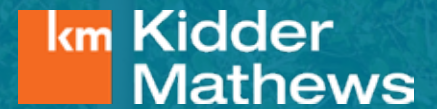


**OFFERING
MEMORANDUM**

Pine View Apartments

1101 ALTURAS ROAD, FALLBROOK, CA

101-unit multifamily community





PINE VIEW APARTMENTS

1101 ALTURAS ROAD, FALLBROOK, CA

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INVESTMENT SUMMARY

Address	1101 Alturas Road, Fallbrook, CA 92028
Number Of Units	101
Year Completed	1980
Price	\$16,000,000
Price/Unit	\$158,416
Price/SF	\$186
Cap Rate	4.13%
Market Cap Rate	5.96%
GRM	12.83
Market GRM	10.22

Property Details

PROPERTY ADDRESS 1101 Alturas Road, Fallbrook, CA 92028

UNITS 101

APN 104-150-01, 36, 38

YEAR BUILT 1980

PARCEL SIZE 5.69 acres (±247,857 SF)

BUILDING AREA 86,932 SF (per Assessor's records)

BUILDING CONFIGURATION Nine (9), two-story single-loaded buildings and two (2) single-story buildings with community amenities.

CONSTRUCTION Slab on grade foundation; wood frame buildings with combination of stucco and wood siding.

WINDOWS Single pane aluminum windows.

ROOF CONSTRUCTION Flat roofs with tile mansards.

PARKING 145 total surface spaces. Spaces are assigned.

LAUNDRY 2 laundry rooms with a total of 10 washers and 10 dryers.

ZONING Fallbrook is an unincorporated area in San Diego County. The property is zoned RU (Urban Residential) with General Plan Land Use Designation of VR-30 (Village Residential) and would allow 30 du/acre.



Property Details



UTILITY SUMMARY

TYPE	PROVIDER	PAID BY	BILLING METHOD
Water/Sewer	Fallbrook Public Utilities District	Owner	Direct Bill
Trash	Fallbrook Waste & Recycling	Owner	Direct Bill
Electric	SDG&E	Tenant	Direct Bill
Gas	SDG&E	Tenant	Direct Bill
Cable/Phone/Internet	Time Warner	Tenant	Direct Bill

MECHANICAL/ ELECTRICAL/ PLUMBING

HVAC	Electric through wall air conditioning Electric radiant heat in ceiling
COOKING ENERGY	Electric
ELECTRIC SERVICE	Most buildings have 400 amp main with 70 amp service to units
WATER HEATING	Each building has a gas fired hot water heater . Some buildings are equipped with domestic solar water heating systems
METERING	Individual electric service

JURISDICTION OF TAXES

JURISDICTION	San Diego County
TAX ID NUMBER	104-150-01, 36, 38
MILLAGE RATE	1.08590%
FIXED ASSESSMENTS	\$1,636.58
TAX YEAR	2018-2019

**Property taxes are reassessed at property sale*

Affordable Restrictions

Pine View Apartments is subject to the following Regulatory Agreements whereby the property owner agrees to maintain the affordable restrictions through the terms of the agreements. A summary of each regulatory agreement is below. Please note that the terms of the agreements can overlap and that the more restrictive income limitations for the occupants take precedence.

1. BOND Agreement

Issuing entity: California Statewide Communities Development Authority (CSCDA)

Date: 9/1/2004

Term: 30 years

Restrictions: Not less than 20% of units (21 units) shall be occupied by Very Low-Income Tenants (50% AMI) and the balance (79 units) to be occupied by Low-Income Tenants (80% AMI).

2. HOME and CDBG Assisted

Issuing entity: County of San Diego Department of Housing and Community Development

Date: 9/24/2004

Term: 55 years

SUMMARY OF RENT RESTRICTIONS

	1BD	2BD	3BD
35% CDBG	1	5	0
50% HOME	2	3	0
50% HOME Amendment ^[1]	4	6	0
65% HOME	0	6	0
80% Bond	17	56	1 ^[2]
	24	76	1

^[1] Per the HOME amendment, the highlighted units can be moved around as long as there are 4 one-bedrooms and 12 two-bedrooms.

^[2] The 3-bedroom manager's unit is exempt from affordable restrictions.



Affordable Restrictions



RENT CALCULATIONS

The maximum rent shall be not greater than 30% of the adjusted income of a family with adjustment for family size based upon unit type minus an allowance for utilities. Utility allowance is \$37/month for 1-bedrooms and \$47/month for 2-bedrooms.

The AMI for San Diego County, California is made available by the U.S. Department of Housing and Urban Development ("HUD").

INCOME LIMITS PER HOUSEHOLD SIZE (2017)

	1	2	3	4	5	6
CDBG (35% AMI)	\$23,870	\$27,265	\$30,660	\$34,055	\$36,785	\$39,515
HOME Assisted Units (50% AMI)	\$34,100	\$38,950	\$43,800	\$48,650	\$52,550	\$56,450
HOME Assisted Units (65% AMI)	\$44,330	\$50,635	\$56,940	\$63,245	\$68,315	\$73,385
Bond (80% AMI)	\$54,500	\$62,300	\$70,050	\$77,850	\$84,100	\$90,300

MAXIMUM ALLOWABLE RENTS

	1 BEDROOM				2 BEDROOM			
	Max	Utility Allowance	Net Rent	Units	Max	Utility Allowance	Net Rent	Units
CDBG (35% AMI)	\$639	\$37	\$602	1	\$766	\$47	\$719	5
HOME Assisted Units (50% AMI)	\$913	\$37	\$876	2	\$1,095	\$47	\$1,048	3
HOME Assisted Units (65% AMI)	\$1,166	\$37	\$1,150	4	\$1,402	\$47	\$1,355	12
Bond Only (80% AMI)	\$1,461	\$37	\$1,424	17	\$1,752	\$47	\$1,705	56
Total				24				76



Investment Highlights

OFFERING HIGHLIGHTS

- Strong historical occupancy
- Current rents below net maximum allowable rents by an average of \$200/month
- Property Tax Abatement available
- Value add opportunity through remodeling
- Competitive financing available

PROPERTY FEATURES

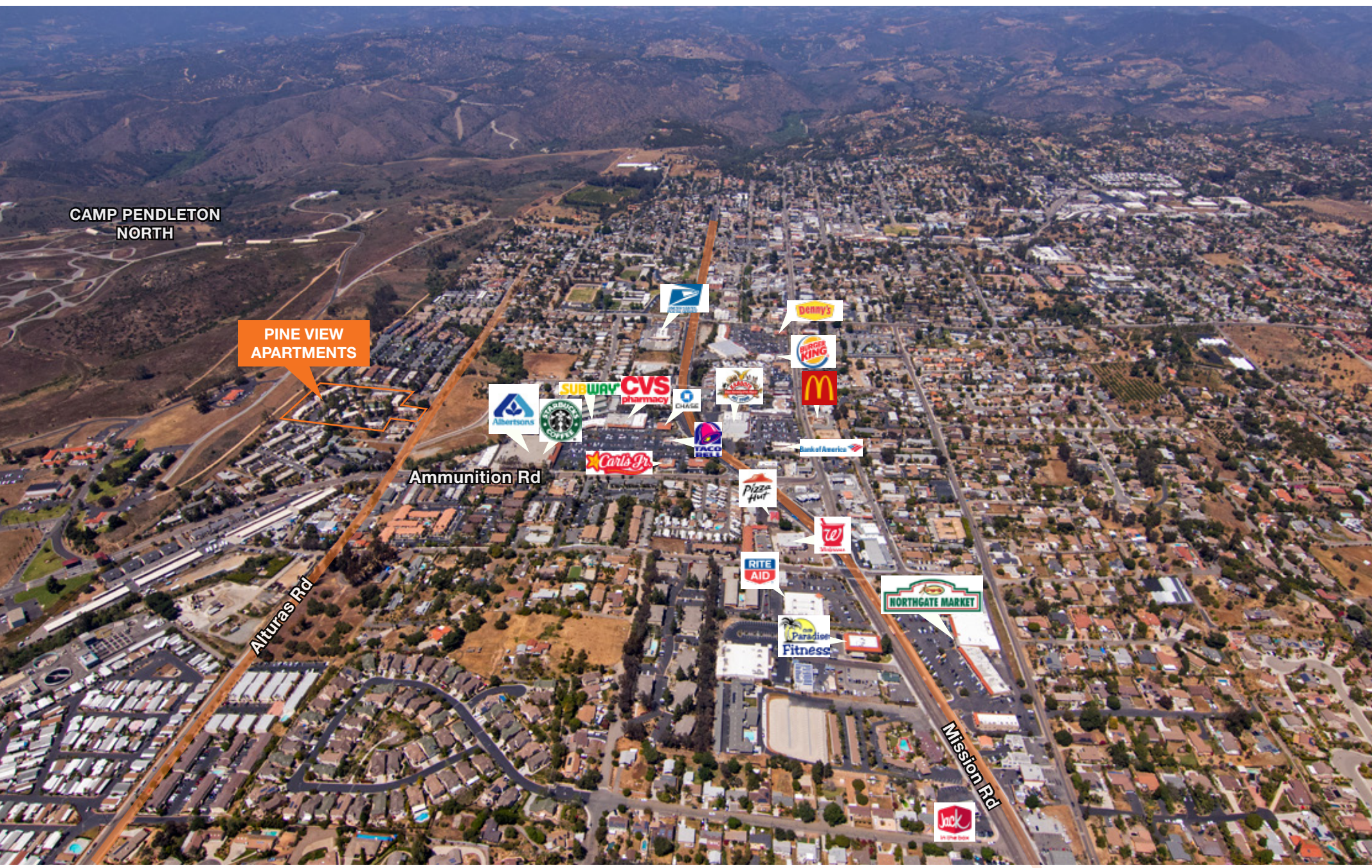
- Units include fully equipped kitchens with garbage disposal, microwave and dishwasher
- Units feature air conditioning, a balcony or patio, and walk-in closets
- Community amenities include on-site laundry facilities, a swimming pool, basketball and tennis courts, children's playground, and fitness center

DESIRABLE LOCATION

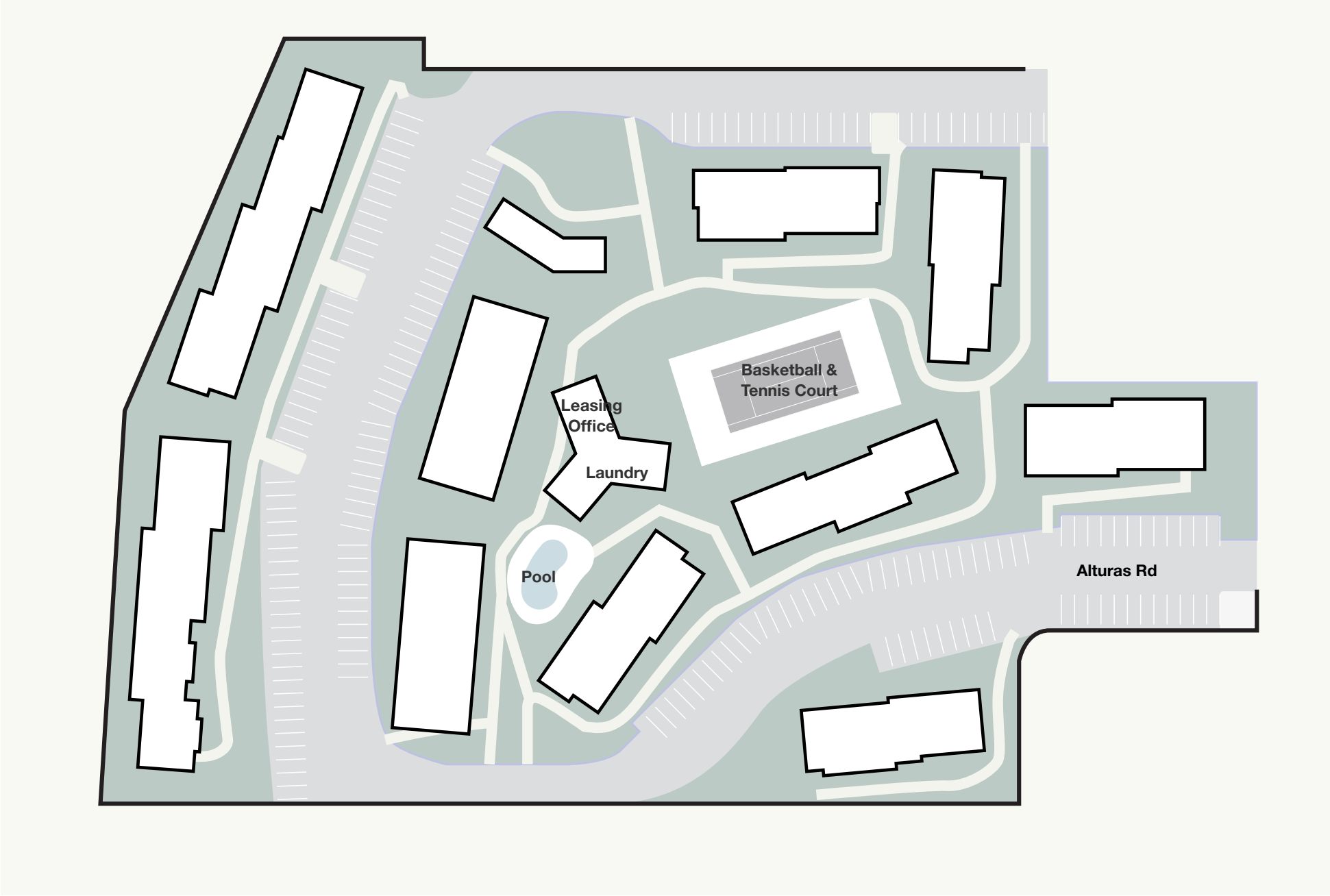
- Proximate to a number of neighborhood retailers and outlets, public parks, and public transportation
- Walking distance to Albertson's, Starbucks, CVS, Subway, Chipotle and Chase Bank, just to name a few
- Within five miles of 10 different public schools, providing residents with a number of strong options for all levels of public education
- Situated 1/4 mile from the east gate of the Marine Corps base Camp Pendleton.
- Fallbrook is "life in the country," yet within a 30 minute drive of Vista, Oceanside, Temecula, San Marcos & Escondido. Easy accessibility to these cities allows renters to work in larger cities and reside in Fallbrook.



Pine View Apartments



Site Plan



Property Features



COMMUNITY AMENITIES

Swimming pool

Fitness Center

Playground

Basketball court

Tennis court

Laundry room

Leasing office

Property Features



UNIT AMENITIES

Air conditioning

Ceiling fan

Dishwasher

Private patio or balcony

Vertical blinds

Separate vanity area*

Walk-in closet*

**Select units*



Financials

INVESTMENT SUMMARY

PRICE	\$16,000,000
PRICE/UNIT	\$158,416
PRICE/ \$	\$186
DOWN PAYMENT	\$4,800,000
CAP RATE	4.13%
MARKET CAP RATE	5.96%
GRM	12.83
MARKET GRM	10.22

INCOME & EXPENSE NOTES

1. In-place rent is the average effective rent for occupied units as of 10/24/18 rent roll
2. Proforma expenses based on T-12 actuals with nominal adjustments.
3. T-3 actuals utilize T-3 months actual revenue annualized and proforma expenses
4. Management Fee & Property Taxes
Management Fee 4.00%
Property Tax Rate: 1.08590% + \$1,551
5. Max rents for the 80% AMI are \$1,423 for the 1-bedroom and \$1,593 for the 2-bedroom



Financials

Unit Count	Unit %	Unit Description	Unit Sq. Ft.	Total Sq. Ft.	IN-PLACE RENT			PROFORMA / MAX RENTS		
					Avg Rent	Monthly	Rent/SF	Avg Rent	Monthly	Rent/SF
1	1%	1 Bed / 1 Bath 35%	600	600	\$449	\$449	\$0.75	\$602	\$602	\$1.00
2	2%	1 Bed / 1 Bath 50%	600	1,200	\$834	\$1,668	\$1.39	\$876	\$1,752	\$1.46
4	4%	1 Bed / 1 Bath 65%	600	2,400	\$834	\$3,336	\$1.39	\$1,129	\$4,516	\$1.88
17	17%	1 Bed / 1 Bath 80%	600	10,200	\$957	\$16,272	\$1.60	\$1,200*	\$20,400	\$2.00
5	5%	2 Bed / 1 Bath 35%	925	4,625	\$547	\$2,734	\$0.59	\$719	\$3,595	\$0.78
3	3%	2 Bed / 1 Bath 50%	925	2,775	\$939	\$2,817	\$1.02	\$1,048	\$3,144	\$1.13
12	12%	2 Bed / 1 Bath 65%	925	11,100	\$939	\$11,268	\$1.02	\$1,355	\$16,260	\$1.46
56	55%	2 Bed / 1 Bath 80%	925	51,800	\$1,140	\$63,840	\$1.23	\$1,400*	\$78,400	\$1.51
1	1%	3 Bed (manager/exempt)	1,100	1,100	\$1,560	\$1,560	\$1.42	\$1,800	\$1,800	\$1.64
101	100%		850	85,800	\$1,029	\$103,944	\$1.21	\$1,292	\$130,469	\$1.52
Annual Income					\$1,247,333			\$1,565,628		

	HISTORICAL PERFORMANCE				PROFORMA			
	T-12 Actuals (11/17 - 10/18)	Per Unit	T-6 Actuals (05/18 - 10/18)	Per Unit	T-3 Actuals (08/18 - 10/18)	Per Unit	FY1 Proforma	Per Unit
RENTAL INCOME								
Market Rent	\$1,539,135	15,239	\$1,530,194	15,150	\$1,586,136	15,704	\$1,565,628	15,501
Projected Increases in Market Rents	0	0	0	0	0	0	0	0.00%
(Loss) / Gain to Lease	(317,817)	20.65%	(299,628)	19.58%	(338,928)	21.37%	0	0.00%
Gross Potential Rent	\$1,221,318	12,092	\$1,230,566	12,184	\$1,247,208	12,349	\$1,565,628	15,501
Vacancy Loss	(28,830)	2.36%	(22,766)	1.85%	(19,668)	1.58%	(62,625)	4.00%
Concessions Loss	(5,491)	0.45%	(10,982)	0.89%	(21,964)	1.76%	(7,828)	0.50%
Other Rent Loss	(9,199)	0.75%	(3,188)	0.26%	284	-0.02%	(15,656)	1.00%
Net Rental Income	\$1,177,798	11,661	\$1,193,630	11,818	\$1,205,860	11,939	\$1,479,518	14,649
<i>Economic Occupancy</i>	96.4%		97.0%		96.7%		94.5%	
Utility Reimbursement	0	0	0	0	0	0	0	0
Laundry Income	12,314	122	11,850	117	11,936	118	12,314	122
Other Income	33,540	332	32,086	318	23,280	230	33,540	332
TOTAL INCOME	\$1,223,652	12,115	\$1,237,566	12,253	\$1,241,076	12,288	\$1,525,372	15,103
<i>Average Monthly Income</i>	<i>\$101,971</i>	<i>1,010</i>	<i>\$103,131</i>	<i>1,021</i>	<i>\$103,423</i>	<i>1,024</i>	<i>\$127,114</i>	<i>1,259</i>
							% increase in income from T-3	22.91%
							% increase in income from T-12	24.66%
EXPENSES								
Personnel	\$185,265	1,834	\$198,864	1,969	\$185,265	1,834	\$185,265	1,834
Administrative	22,496	223	20,712	205	22,496	223	22,496	223
Marketing & Retention	893	9	558	6	893	9	893	9
Repairs & Maintenance	61,527	609	78,910	781	61,527	609	61,527	609
Contract Services / Landscaping	16,234	161	24,024	238	16,234	161	16,234	161
Turnover	8,295	82	12,290	122	8,295	82	8,295	82
Controllable Subtotal	\$294,710	2,918	\$335,358	3,320	\$294,710	2,918	\$294,710	2,918
Utilities	149,801	1,483	149,404	1,479	149,801	1,483	149,801	1,483
Management Fee	52,530	520	52,980	525	52,980	525	61,015	604
Insurance	20,200	200	20,200	200	20,200	200	20,200	200
Expenses (Subtotal)	\$517,241	5,121	\$557,942	5,524	\$517,691	5,126	\$525,726	5,205
Real Estate Taxes	18,687	185	18,687	185	18,687	185	18,687	185
Direct Assessments	1,551	15	1,551	15	1,551	15	1,551	15
Replacement Reserves	25,250	250	25,250	250	25,250	250	25,250	250
TOTAL EXPENSES	\$562,729	5,572	\$603,430	5,975	\$563,179	5,576	\$571,214	5,656
NET OPERATING INCOME	\$660,923	\$6,544	\$634,136	\$6,279	\$677,897	\$6,712	\$954,159	\$9,447

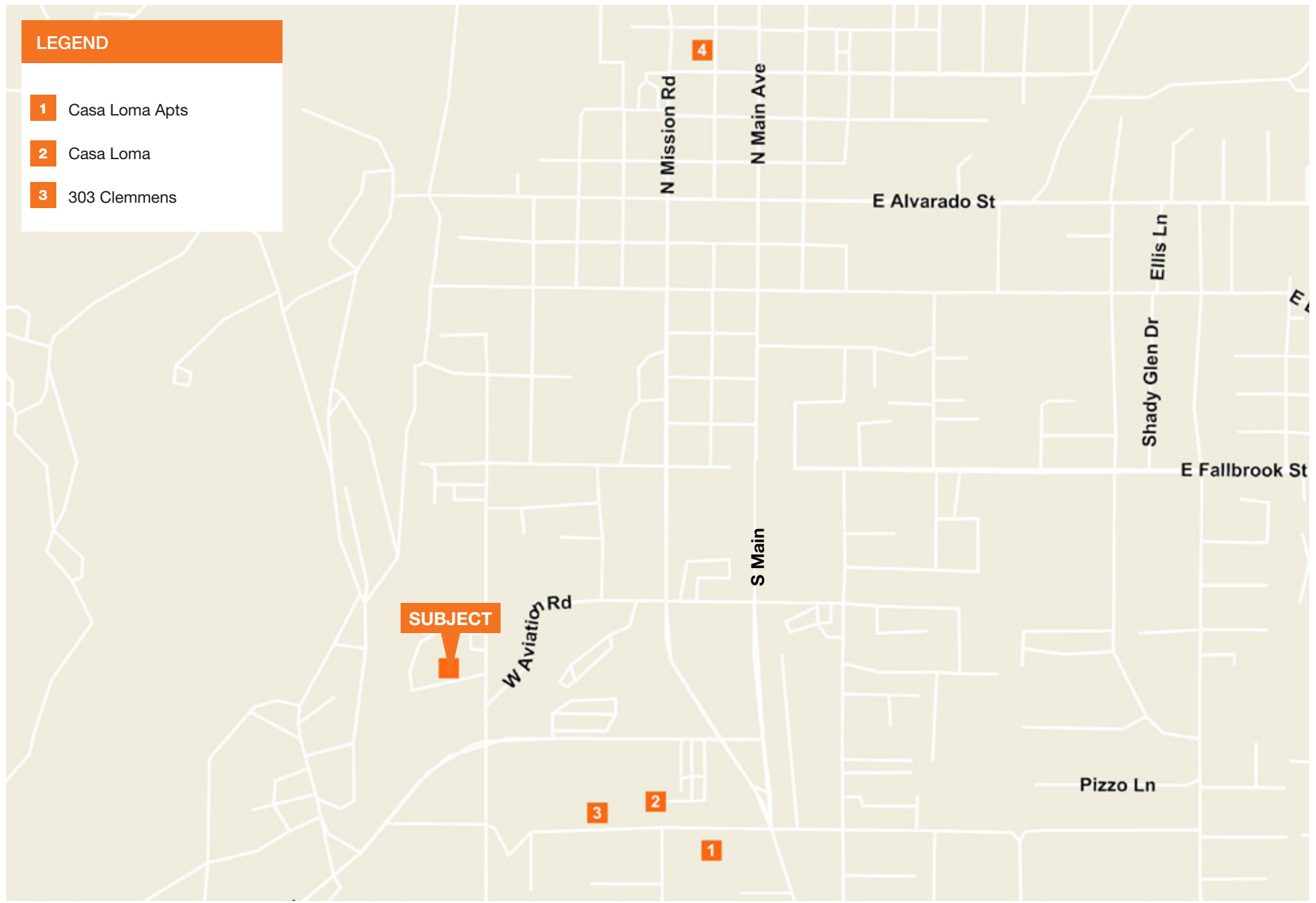
* Max rents for 80% Ami are \$1,424 and \$1,705 for 1 and 2 bedroom respectively.

Sale Comparables



PROPERTY	Pine View	Casa Loma	303 W Clemmens	Clemmens Lane
ADDRESS	1101 Alturas Rd Fallbrook	218 W. Clemmens Ln Fallbrook	303 W Clemmens Fallbrook	401 Clemmens Lane Fallbrook
# OF UNITS	101	48	21	21
YEAR BUILT	1980	1975	1988	1964
SALE DATE	For Sale	10/16/2018	8/23/2018	5/23/2018
SALE PRICE	\$16,000,000	\$6,900,000	\$3,150,000	\$2,700,000
PRICE PER UNIT	\$158,416	\$143,750	\$150,000	\$128,571
PRICE PER RENTABLE SF	\$186	\$230	\$188	\$194
UNIT MIX	24 - 1br/1ba 76 - 2br/1ba 1 - 3br/1ba	16 - Studios 24 - 1br/1ba 8 - 2br/2ba	21 - 2br/1ba	16 - 1 br/1ba 4 - 2br/1ba 1 - 3br/1ba

Sale Comparables Map

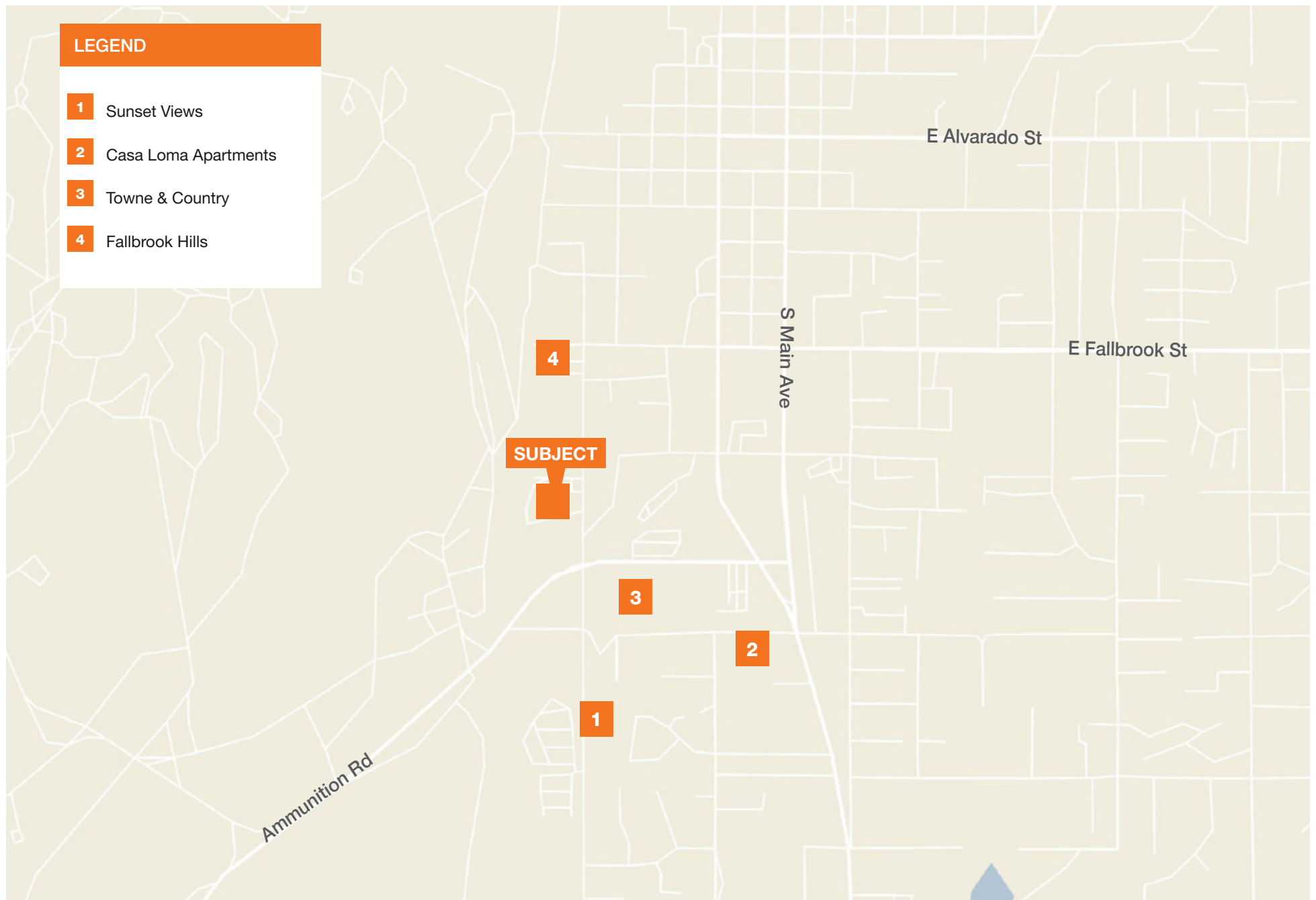


Rent Comparables



PROPERTY	Pine View	Sunset Views	Casa Loma Apartments	Towne & Country	Fallbrook Hills
Address	1101 Alturas Road	1420 Alturas St	218 W Clemmens	426 Ammunition Rd	744 W. Fallbrook St
City	Fallbrook	Fallbrook	Fallbrook	Fallbrook	Fallbrook
# of Units	101	60	48	104	95
Built	1980	1981	1975	1989	1989
1BD/1BA	24			20	22
Rent	\$957		\$1,170	\$1,295	\$1,150
Square Feet	600		630	630	660
Rent/Square Foot	\$1.60		\$1.85	\$2.05	\$1.74
2BD/1BA	76	60		39	
Rent	\$1,145	\$1,500		\$1,450	
Square Feet	925	995		875	
Rent/Square Feet	\$1.24	\$1.50		\$1.66	
2BD/2BA				28	72
Rent			\$1,465	\$1,500	\$1,350
Square Feet			950	890	900
Rent/Square Feet			\$1.54	\$1.68	\$1.50
Amenities	Pool, laundry facility, basketball court, leasing office	Pool, laundry facility	Pool & spa, leasing office, laundry facility, picnic area, wall A/C	Pool & spa, leasing office, wall A/C	Pool & spa, in-unit washer & dryer, fireplace, extra storage, club house, common laundry, forced air & heat

Rent Comparables Map



Market Overview

Fallbrook is a peaceful rural community of approximately 32,215 people located six miles west of Interstate 15, five miles north of Route 76 and is immediately east of US Marine Corps Camp Pendleton.

Only 12 miles southwest of Temecula, residents have access to all the conveniences and resources of a larger city. This charming community, which once housed a stagecoach stop along the route from Temecula to San Diego, currently holds the title of “Avocado Capital of the Universe” and is home to the annual spring Avocado Festival. Most of the area is characterized by rolling hills covered in avocados and citrus orchards.

Fallbrook has also gained attention recently from some of the Hollywood celebrity set looking for a quiet escape. Home owners include Jason Mraz, Sarah Michelle Gellar and Freddie Prince Jr., Tori Spelling, Dean McDermott and “Weird Al” Yankovic.



Market Overview Continued

DEMOGRAPHICS



There is a population of 32,215 people in 2017. In 2022, population is projected to increase to approximately 33,553 people (0.80% increase).



Average household income in Fallbrook is \$90,287. About 28% of the households make \$100,000+ per year.



51% of the population hold a white collar profession and 26% of the population hold a blue collar occupation.



35.3 is the median age in Fallbrook



23% of the population have a bachelor's degree or higher.



In Fallbrook, there are about 11,328 households. 39% are renter occupied and 53% are owner occupied housing units.



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