

OFFERING MEMORANDUM

**3432 RICHLAND DRIVE
SANTA BARBARA, CA**

OFFERED AT \$3,295,000



**BERKSHIRE
HATHAWAY** | California
HomeServices Properties
COMMERCIAL DIVISION



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Prime Central Location Multi-Family Opportunity

3432 Richland Drive is a rare opportunity to purchase an attractive mid-size multi-family building in the center of Santa Barbara's Upper State corridor - a hub of dozens of restaurants, all varieties of retail, and financial services. The location is a few blocks to the Municipal Golf Course, MacKenzie Park, Loreto Plaza, La Cumbre Shopping Center and Five Points Center, as well as nearby to the Whole Foods, Gelson's and Bristol Farms gourmet markets. Cottage Hospital - Santa Barbara's largest private employer with over 3000 employees - is within 1 mile, as are Adams Elementary and the highly-regarded Peabody Elementary schools. Downtown Santa Barbara is just 2 miles away, and the beaches and waterfront are 3 miles away.

There are 8 units configured in a single L-shaped 2-story building, the unit mix 1 x 2-BR/1-BA, 5 x 1-BR/1-BA and 2 studios. The apartments have been well-maintained inside and out, with a low expense history. A secluded and nicely-finished center courtyard with direct slider access from the downstairs units, provides a tenant amenity and shows pride of ownership. The property has great curb appeal with manicured landscaping and mature palm trees, and is set privately in a corner location where the street bends towards a cul-de-sac.

Beautiful and sunny Santa Barbara, California is one of the premier small coastal cities in the world, a magnet for tourism, and which offers an unmatched quality of life for its fortunate residents. Consider this very well-located property for a secure ongoing investment, or leverage its location for value-add upside in the future.

Address: 3432 Richland Drive, Santa Barbara, CA 93105

Assessor Parcel Number: 051-061-018

Zoning: R-M (residential multi-family)
USS (Upper State Street overlay)

Lot Size: 9,583 square feet / 0.22 acres

Year Built: 1962

Building Size: Approx. 4,707 square feet (\$700/SF)

Number of Units: 8 units (\$412K per unit)

Unit Mix: 1 x 2-BR/1-BA, 5 x 1-BR/1-BA, 2 x studios

Parking: 8 spaces (uncovered)

UNIT FLOORPLANS

3432 RICHLAND DRIVE
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PHOTOS EXTERIOR

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PHOTOS INTERIOR

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Living Room (typ.)



Fireplace in Unit #4



Kitchen (typ.)



Kitchen (typ.)



Bedroom (typ.)



Bedroom (typ.)



Bathroom (typ.)



Bathroom (typ.)

INCOME

The income chart below shows the current rent roll, along with additional income contribution by 5 of the tenants designated as utilities reimbursement. The projected income on the next rent increase allowed under AB 1482 (1st 4 months of 2025) is shown in the next column. The market income column is estimated for the current condition of the units, and the renovated income column projects rents after new renovations. The pro-forma summary on the following page shows an expected cap rate post-renovation which includes the added capital investment required. Buyer to confirm all local and state laws regarding tenant protections for a substantial remodel, and regarding AB 1482.

UNIT #	LEASE RENEWAL DATE	BEDS / BATH	CURRENT RENT	ADDED INCOME *	TOTAL CURRENT INCOME	AB 1482 NEXT RENTS	ESTIMATED MARKET INCOME	ESTIMATED RENOVATED INCOME
1	1/1/2024	1 / 1	\$1,897	\$0	\$1,897	\$2,064	\$2,550	\$2,850
2	5/1/2024	Studio	\$1,738	\$150	\$1,888	\$2,054	\$2,200	\$2,500
3	5/1/2024	1 / 1	\$2,127	\$150	\$2,277	\$2,477	\$2,550	\$2,850
4	5/1/2024	1 / 1	\$2,187	\$150	\$2,337	\$2,543	\$2,550	\$2,850
5	3/1/2024	2 / 1	\$2,697	\$0	\$2,697	\$2,934	\$3,000	\$3,500
6	5/1/2024	Studio	\$1,678	\$150	\$1,828	\$1,989	\$2,200	\$2,500
7	5/1/2024	1 / 1	\$2,024	\$150	\$2,174	\$2,365	\$2,550	\$2,850
8	1/1/2024	1 / 1	\$2,057	\$0	\$2,057	\$2,238	\$2,550	\$2,850
TOTAL MONTHLY			\$16,405	\$750	\$17,155	\$18,665	\$20,150	\$22,750
TOTAL ANNUAL			\$196,860	\$9,000	\$205,860	\$223,976	\$241,800	\$273,000

EXPENSES

EXPENSE CATEGORY	2024 ESTIMATED ANNUAL TOTAL *	AB 1482 NEXT ANNUAL PRO-FORMA **	ANNUALIZED PRO-FORMA WHEN MARKET RENTS ***	ANNUALIZED PRO-FORMA AFTER REMODEL ****
Property Taxes (~1.06%)	\$34,927	\$35,626	\$37,065	\$39,185
Insurance	\$5,000	\$5,150	\$5,464	\$5,464
Water/Trash (master meter)	\$8,380	\$8,631	\$9,157	\$9,157
Gas (master meter)	\$3,378	\$3,479	\$3,691	\$3,691
Electric (common only)	\$336	\$346	\$367	\$367
Repairs/Maintenance/etc.	\$3,000	\$2,400	\$2,546	\$2,546
Landscaping	\$1,200	\$1,236	\$1,311	\$1,311
Management (5%)	\$10,293	\$11,199	\$12,060	\$13,650
TOTAL ANNUAL	\$66,514	\$68,067	\$71,661	\$75,371

* Based on actual 2023 expenses plus 3% inflation, except Property Taxes, Insurance and Management are new Buyer estimates

** Assumes Buyer's new estimated expenses based on average year, plus 3% inflation for next year, except 2% property taxes

*** Assumes another 2 years of 3% inflation for regular expenses, 2% for property taxes

**** Assumes renovated-condition expenses after 2 years of 3% inflation, add 50% of remodel cost to property tax basis

SUMMARY

SUMMARY METRIC	CURRENT	AB 1482 NEXT RENTS	MARKET RENT PRO-FORMA	POST-REMODEL PRO-FORMA
Annual Income	\$205,860	\$223,976	\$241,200	\$273,000
Annual Expenses	\$66,514	\$68,067	\$71,661	\$75,371
Net Operating Income	\$139,346	\$155,909	\$169,539	\$197,629
Total Investment (incl. rem.)	\$3,295,000	\$3,295,000	\$3,295,000	\$3,695,000
CAPITALIZATION RATE	4.23%	4.73%	5.15%	5.35%
GROSS RENT MULTIPLIER	16.01	14.71	13.66	13.53

PROXIMITY HIGHLIGHTS

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BEACHES & WATERFRONT

PACIFIC OCEAN

DOWNTOWN
SANTA BARBARA

COTTAGE
HOSPITAL

MACKENZIE
PARK

MUNICIPAL
GOLF COURSE

LORETO PLAZA

STATE STREET

SUBJECT PROPERTY
3432 RICHLAND DRIVE

NEARBY AMENITIES

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Major Shopping Centers



Loreto Plaza - 2 blocks
La Cumbre Plaza - 6 blocks
Five Points Center - 7 blocks

Gourmet Food Stores



Gelson's Market - 2 blocks
Whole Foods - 4 blocks
Trader Joe's - 5 blocks
Bristol Farms - 6 blocks

Notable Restaurants



Harry's Plaza Cafe - 2 blocks
Lure Fish House - 6 blocks
Los Agaves - 6 blocks
Chuck's of Hawaii - 7 blocks

Medical Facilities



Cottage Hospital - 1 mile
Sansum Clinic - 1 mile
Ridley-Tree Cancer Ctr - 1 mile

Schools



Peabody Charter - 5 blocks
Providence Private - 6 blocks
Adams Elementary - 7 blocks

Parks / Recreation



MacKenzie Park - 3 blocks
YMCA Pool/Gym - 6 blocks
Muni Golf Course - 6 blocks

A World-Class Boutique Coastal City

Santa Barbara, California with its moderate year-round climate and 330 annual days of sunshine on the Pacific Ocean, is one of the premier vacation and retirement destinations in the entire world, and offers its lucky residents a wealth of amenities, culture and recreation, diverse economic opportunities, and aesthetic beauty. Santa Barbara packs all its wonder in a small size, with a population of ~95,000 in the city proper, and ~275,000 in the larger metropolitan area. The secluded and peaceful coastal location is isolated from the traffic and other issues in major cities, yet Santa Barbara is only 100 miles to the Los Angeles area and 300 miles to the San Francisco Bay Area, and is served by a national airport.

Beyond the \$2.2B annual tourism industry supporting dozens of boutique hotels and a couple of hundred restaurants, the Santa Barbara area is known for its world-class medical facilities including Cottage Hospital and Sansum Clinic, cutting-edge technology and software enterprises including Sonos and Pro-Core, and notable educational institutions including the University of California at Santa Barbara, Santa Barbara City College, and Westmont College. Annual festivals big and small happen nearly every week, and there are ample recreational opportunities by the waterfront and beaches, as well as in the Santa Ynez mountains right behind the city. There are 3 major performing arts theaters downtown, several renowned museums, and a multitude of parks and specialty gardens. The city's energy is driven by an abundant spirit of hospitality, entrepreneurship, patronage of arts and culture, and love of life.

All these wonderful features of Santa Barbara provide bountiful employment opportunities and amenities for residents, adding up to a never-ending tenant demand for apartment housing in central locations such as 3432 Richland Drive.

"The American Riviera"



Beautiful Mediterranean Architecture



Downtown Life



3 Grand Performing Arts Theaters



Waterfront and Beaches



Mountain Recreation



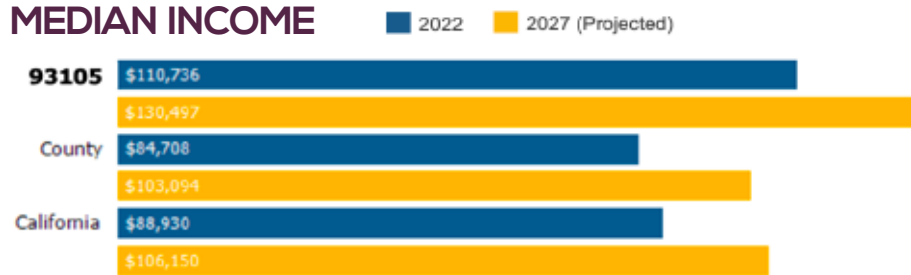
Santa Barbara Harbor

AREA DEMOGRAPHICS

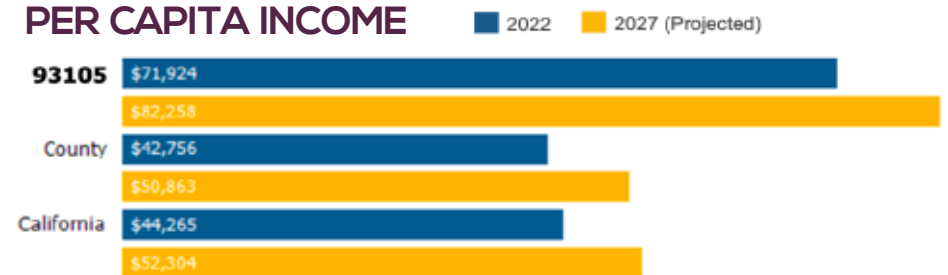
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3432 Richland Drive sits in the middle of the 93105 zip code, which is entirely within the City of Santa Barbara, and which extends for a radius of approximately one mile in all directions from the property. The following demographic data is for the 93105 zip code in comparison to the county and state, showing metrics for a ~1.0 mile radius.

MEDIAN INCOME



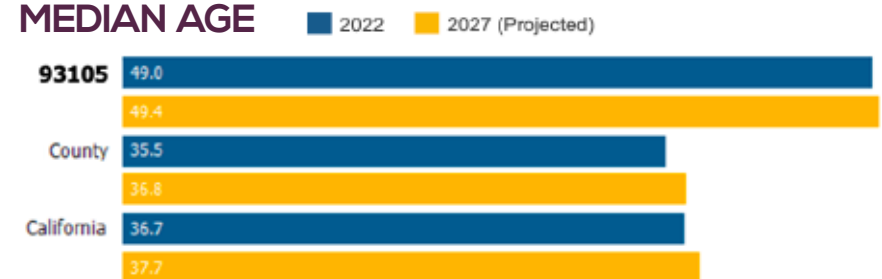
PER CAPITA INCOME



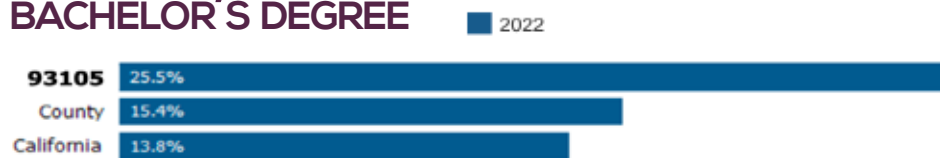
MEDIAN HOME VALUE



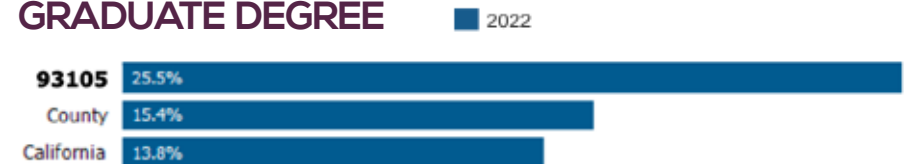
MEDIAN AGE



BACHELOR'S DEGREE



GRADUATE DEGREE





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