# 59.03 ACRES IN CITY OF LA QUINTA SPHERE OF INFLUENCE

## FOR SALE $9,450,000


## FUTURE CITY OF LA QUINTA WITH LOW DENSITY RESIDENTIAL ZONING

Presented by Robert Castro

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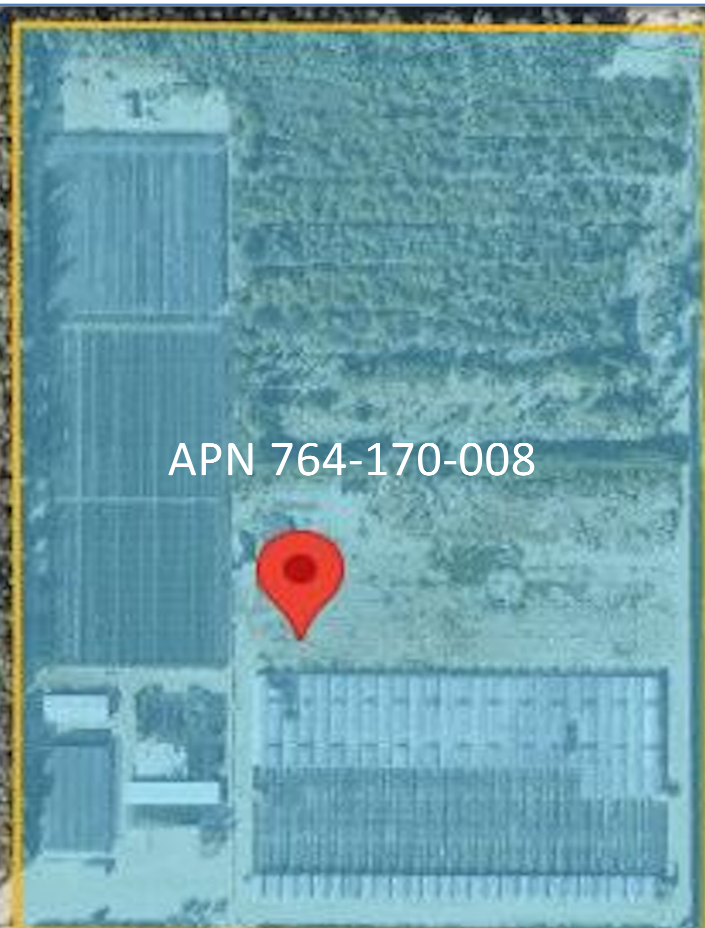
## Overview

- **Great Investment Opportunity to purchase 59.03 Acres located City of La Quinta Sphere of Influence.**

- **Located in Opportunity Zone Capital Gain Tax Shelter for Investment & Future Profit.**

- **14 Acres of Green House & Shade Structures.**




- **Future Land Use - Community Development Overlay – Low to High Density Residential.**
- **500 Gallon per Minute Water Well with Pump Station & Storage Tanks for Nursery Operation.**
- **Great Views of the Santa Rosa Mountains.**
- **Current Cannabis Greenhouse Scheduled MGross Leasing @8,000 per acre per month x 14 acres**

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The current local governing agency for this property is the County of Riverside. The property has a Community Development Overlay (CDO) General Plan Policy future land use, which allows for Low to High Density Residential. The subject property is located in the City of La Quinta Sphere of Influence (SOI) and could be annexed in the future after Final Map approval, by the County of Riverside.

The property was originally developed as a Coachella Valley based nursery by a wholesale nursery company that distributed its products to Lowes & Home Depot in Southern California. The original 14 acres of greenhouse improvement costs were approximately $15 million or $25psf. The property has a 500 gallon per minute irrigation well & pump station with storage tanks for the nursery irrigation system.

Cannabis Hemp cultivation for CBD product is the most recent agriculture activity at the Nursery facility. The current owner is leasing at $8,000 per acre per month, on a modified gross leasing basis (Lessee gets a bill for water & power). Potential rent for the 14 acres is $112,000 per month or $1,344,000 modified gross. The General Manager is willing to work with a new owner to maintain an Industrial Hemp cultivation income stream.

The property is located in an Opportunity Zone. which offers a tax shelter advantage to a new owner. Opportunity Zones offer tax benefits to investors who elect to defer tax on capital gains if they timely invest those gain amounts in a Qualified Zone property. The length of time the taxpayer holds the investment determines the tax benefits they receive. If the investor holds the investment for at least five years, the basis of the investment increases by 10% of the deferred gain. If the investor holds the investment for at least seven years, the basis of the investment increases by 15% of the deferred gain. If the investor holds the investment for at least 10 years, the investor is eligible to adjust the basis of the investment to the fair market value (Sale Price) on the date the QOF investment is sold or exchanged.

Coachella Valley Water (CVWD) is the local service provider for water & sewer. There is a sewer line located at the intersection of Avenue 58 and Jackson Street, approximately 1590 lineal feet west of the subject property. A commercial domestic potable water well is estimated to cost approximately $1,000,000, resulting in an onsite cost of approximately $5,000 pre lot (200 lots). A well can be developed in the tract and dedicated to CVWD, for subdivision service. The Imperial Irrigation District (IID) is the current service provider for electricity. The district recently developed a new main transmission line crossing the front of the subject property on Avenue 58, going east from its substation facilities located west of the subject property, at Ave. 58 & Monroe,.

The property is located in the County of Riverside, which is in the eastern portion of the Inland Empire of Southern California. Riverside County has become the fastest growing County in California, experiencing the most substantial growth among large counties in California, with a population increase of 2.11% to reach 2.47 million people.

The City of La Quinta is a highly sought after area by homebuyers, especially new home buyers. Home values for New & Resale product has remained high, as buyers find the Coachella Valley a highly desirable location to consider for a second home and/or retirement. A lengthy process for new home entitlement, limited new home release by Merchant Builders and high interest rates, limited resale homes for sale due to high interest rates, has resulted in low inventory & consistently higher home prices.

The Coachella Valley is a world re-known Destination Resort Region, with over 100 golf courses located in the Valley. . In 2022, 14.1 million visitors came to the Valley, with a direct spending impact of $7.1 billion. The Coachella Valley is home for 7 months of the year to some of the wealthiest people from all over the world.

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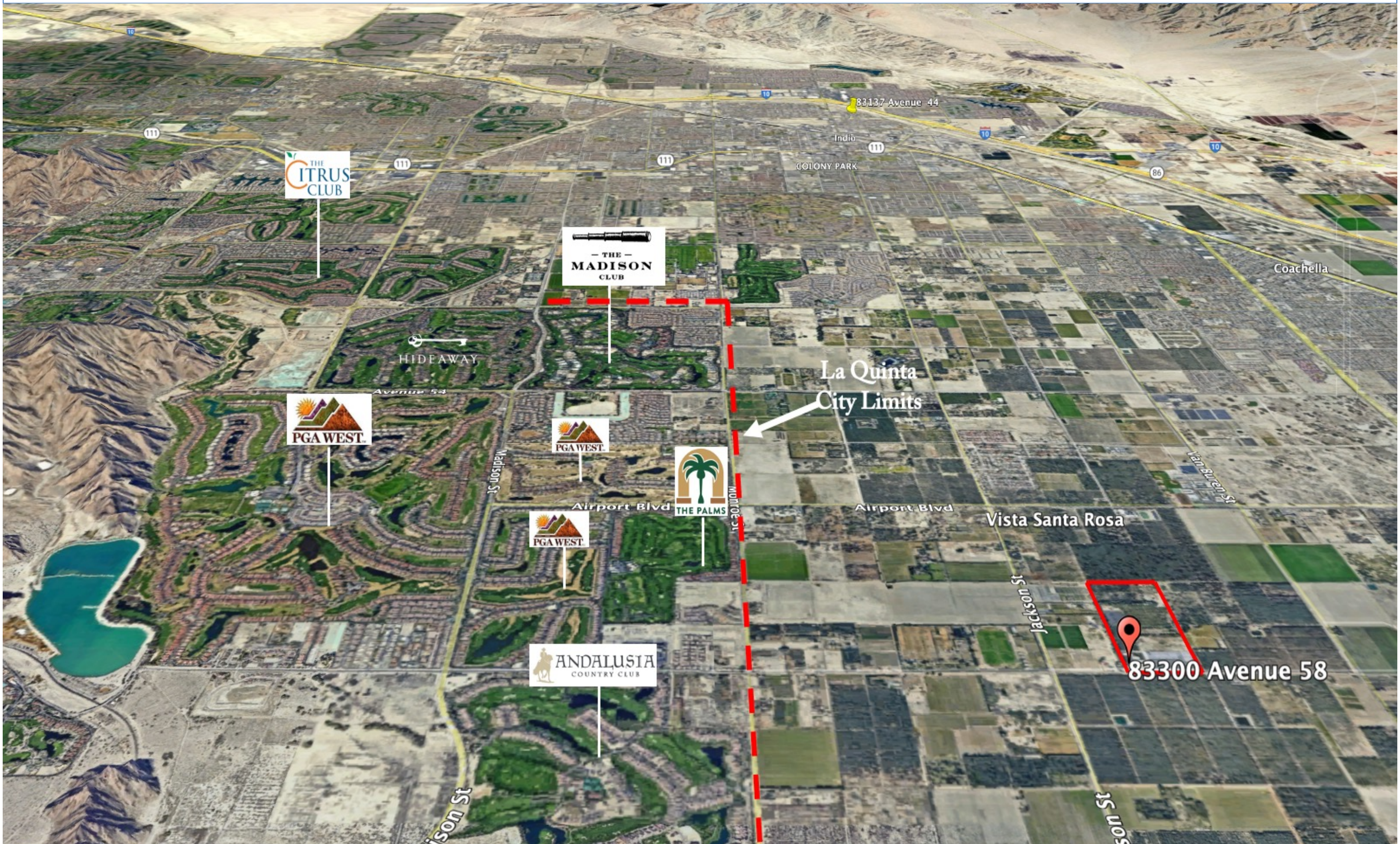


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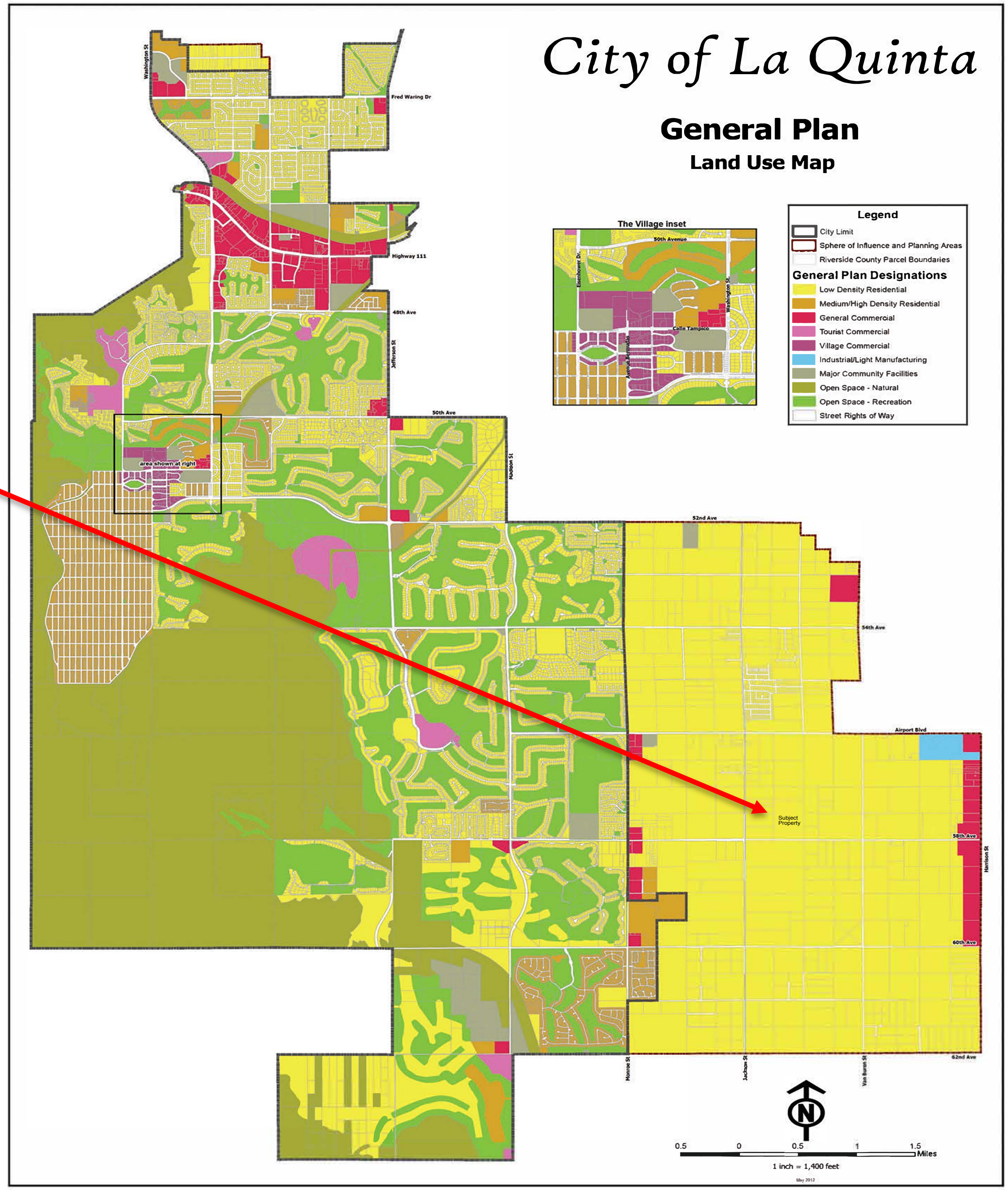
The property is located in the Vista Santa Rosa Community in the County of Riverside and inside the future Sphere of Influence of the City of La Quinta. The property is part of a LAFCO approved area to be annexed to the City of La Quinta in the future. The majority of the area is planned as Low Density Residential 3-4 lots per acre. This property has a General Plan Policy Overlay "CDO" designation. The CDO designation allows for higher density residential land use.

Existing Sewer main located at the intersection of Jackson & Avenue 58 3/10ths of a mile away from the subject property. A commercial water well can be developed on the property to supply a PUD of 200-300 homes plus ADU's.



**Greenhouse #1** -249,984 SF, steel frame, automatic roof vents & computerized rollup poly side & Interior shade system, 14 Houses 24' x 744'; 12' under gutter height, constructed in 1999, 6 mil roof double poly.

**Greenhouse #2** -27,360 SF, saw tooth roof, heated and cooled, steel frame, external retractable shades, poly roof & corrugated poly siding, 5 Houses 25' x 228'; 12' under gutter height, climate control constructed in 2000, evaporative colling system, boiler & automatic levered vents with poly fan jet tubes, rolling benches, ½ of benches heated.

**Citrus House Greenhouse** – 374,400 SF, steel frame, automatic roof vents, internal retractable shades & a single poly roof, with some double poly roof, 26 Houses 30' x 480', 12' under gutter height.

**224,640 SF USDA Greenhouse Certified Psyllid Free Structure** constructed between2006-2009, north end has manual rollup poly sides, south end has computerized rollup poly sides, every 3rd house has a ridge vent, positive air pressure w/exterior air curtains vestibules.

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**Irrigation Well & Pumping Stations**, 800 foot deep, 500 gallons per minute, 60 HP Pump, 10” well, Twin (two) 10,000 – gallon tanks with twin 20 HP pumps for distribution to greenhouses, 2 sets of water lines (Fresh & Fertilizer) – all greenhouses plumbed, Fertilizer Injector Tank.

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# PLAT MAP

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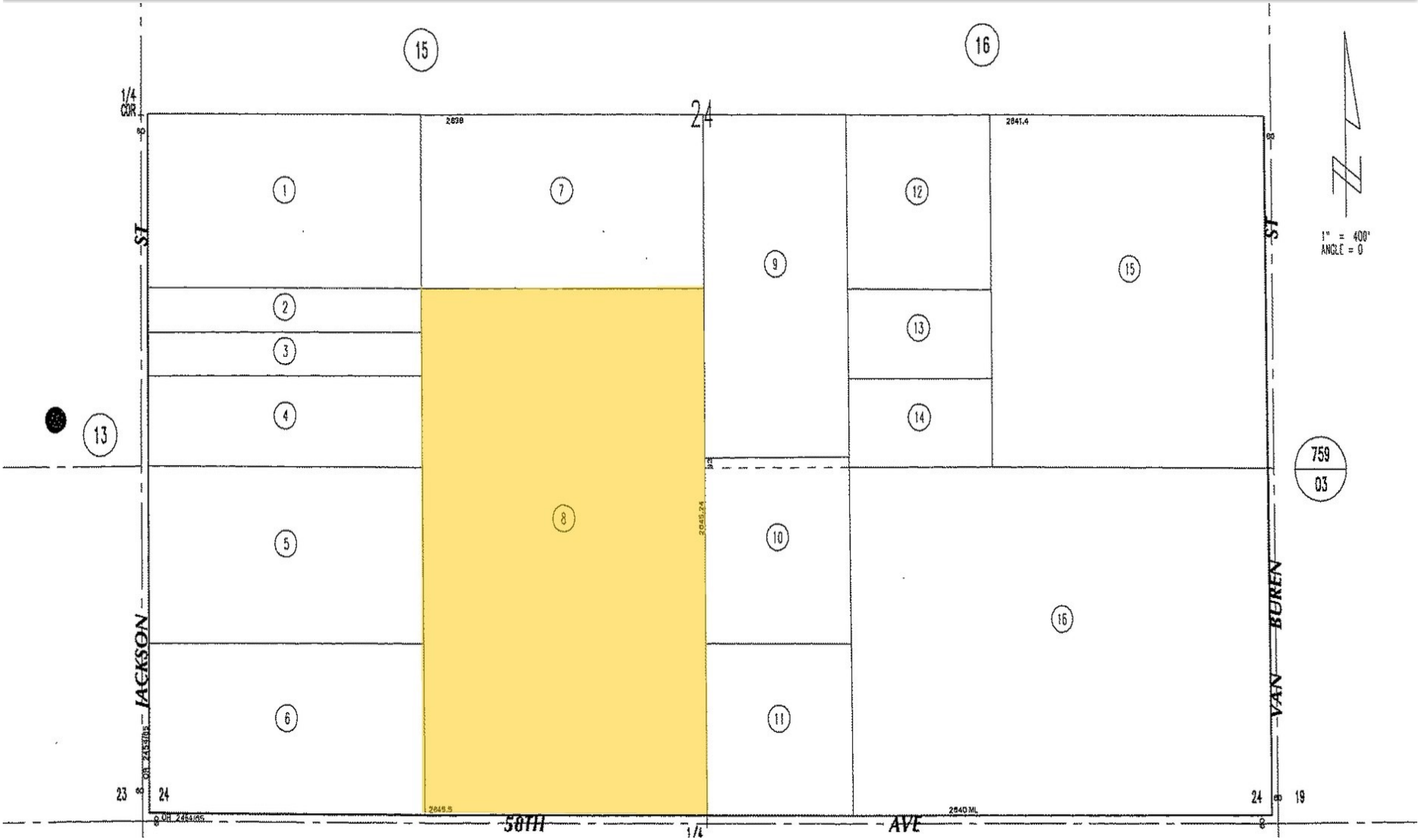



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**59 ACRES LA QUINTA RANCH**
**Projected Unit Mix & Rental Income CAP Value**

| Single Family Detached | Lot Size | House SF Inc ADU 1000SF 500 Jr. ADU | Quantity | VALUE PER SF* | 5% CAP Value Per Unit | Total Value |
|---|---|---|---|---|---|---|
| | | | **Phase 1** | | | |
| SFR 100 x 100 Lots | 10,000 | 2,650 | 80 | 376.00 | $ 996,400 | $ 79,712,000 |
| SFR 100 x 100 Lots | 10,000 | 2,800 | 60 | 372.50 | $ 1,043,000 | $ 62,580,000 |
| SFR 100 x 100 Lots | 10,000 | 3,000 | 60 | 372.50 | $ 1,117,500 | $ 67,050,000 |
| | | | 200 | | | |
| Average Totals | | 2,800 | **200** | **$ 373.83** | **$ 1,046,710** | **$ 209,342,000** |

**59 ACRES LA QUINTA RANCH - Lot Residual Value Analysis**

| | CPSF* | | | |
|---|---|---|---|---|
| **Average Home Size & Rental Income Value** | | | | |
| **Number of Units** | | **200** | | **Totals** |
| **Average Home Size** | | **2,800** | | |
| **Average Home Value** | **$ 373.83** | **$ 1,046,710** | | |
| ***Merchant Builder*** | | | | |
| **Lot Valuation @ 30% of Retail Value** | **$ 121.49** | **$ 340,181** | **35.00%** | **$ 68,036,150** |
| Lot Development Cost | $ (60.71) | $ (170,000) | | $ (34,000,000) |
| Indiect Lot Dev. Costs | $ (7.14) | $ (20,000) | | $ (4,000,000) |
| Permits/Inspection Fees (Sewer,Water..etc.) | $ (17.86) | $ (50,000) | | $ (10,000,000) |
| Refunds | $ - | $ - | | $ - |
| CFD Bond Reimbursements | $ 16.07 | $ 45,000 | | $ 9,000,000 |
| **Residual Land Value for Final Mapped Lot to Seller** | **$ 51.85** | **$ 145,181** | ** | **$ 29,036,150** |
| Broker Sales Fee 5% | | | | $ (1,016,265) |
| Closing Costs 1/2% | | | | $ (145,181) |
| **Net Sales Final Mapped Lots** | | | | **$ 27,874,704** |
| *Cost Per Square Foot | | | | |

**59 ACRES LA QUINTA RANCH - Projected Investor Gross Capital Gain - 200 LOTS**

| | CPSF* | | | Total |
|---|---|---|---|---|
| **Average Plan Size - 2,800SF** | | | | |
| Average Unit CAP Rental Income Value | $ 373.83 | **$ 1,046,710** | | **$ 209,342,000** |
| Cost of Sales 3% commission + 1/2% Closing Costs | $ (13.08) | $ (36,635) | | |
| **Finished Lot Cost to Merchant Builder** | **$ (121.49)** | **$ (340,181)** | | |
| Indirect Shell Construction Cost | $ (10.71) | $ (30,000.00) | | |
| Direct Shell Construction Cost | $ (150.00) | $ (420,000.00) | | |
| Permits/Inspection Fees | $ (14.29) | $ (40,000.00) | | |
| Construction Loan Cost | $ (15.75) | $ (44,100.00) | | |
| CFD (Mello-Roos) | $ 16.07 | $ 45,000 | $ (865,916) | $ (173,183,120) |
| **Projected Builder Gross Profit** | | **$ 180,794** | **20.88% of Cost** | **$ 36,158,880** |

Residual Land Value (RSV) is projected at $145,181 per Final Mapped Lot.

Subject Property is also located in an Opportunity Zone offering Federal Tax deferment on capital gain income invested. If the property is held for 5 years, investment basis may be increased by 10%, if held for 7 years the investment basis may be increased by 15%, if held for 10 years plus, investment basis may be increased to market value at the time of sale.

Final Mapped Lots for Sale in the location at the projected RSV is highly desirable to public merchant builders at any time. The value per SF projected will continue to increase in the long term.

| | | | | |
|---|---|---|---|---|
| **DESCRIPTION** | | | | |
| **Land Purchase Price** | | **$ (9,450,000)** | | |
| Property Taxes (2 Years) | | $ (206,910) | | |
| Insurance (2 years) | | $ (8,000) | | |
| Closing Costs | | $ (49,500) | | |
| Broker Fee | | $ - | | |
| **Total Land Cost** | | | **$ (9,714,410)** | |
| **ENTITLEMENT COSTS** | | | | |
| Architectural for SFR Estate Lots | | $ (150,000) | | |
| Prelim Engineering/Tentative | | $ (160,000) | | |
| Engineering - Grading/ Final Map | | $ (400,000) | | |
| LAFCO (Annexation to City of La Quinta) | | $ (100,000) | | |
| Landscape Design | | $ (150,000) | | |
| Survey & Topo | | $ (50,000) | | |
| Soil & Geological | | $ (50,000) | | |
| Environmental - CEQA - EIR (Full) | | $ (235,000) | | |
| Biological Studies/Reports | | $ (200,000) | | |
| CEQA Attorney/Government Relations | | $ (95,000) | | |
| Traffic & Sound Study | | $ (15,000) | | |
| HOA Formation - Townhomes | | $ (5,000) | | |
| HOA Budget Estimate & Documentation - Townhomes | | $ (10,000) | | |
| Misc.Consultants - | | $ (40,000) | | |
| Pre Application Fee | | $ (10,000) | | |
| Specific Plan Fee | | $ - | | |
| GPA/CZ/Tentative Map Fees | | $ (50,000) | | |
| Legal & Accounting | | $ (120,000) | | |
| Blue Printing - Copying | | $ (10,000) | | |
| Misc. Permits | | $ (10,000) | | |
| G & A | | $ (300,000) | | |
| Cost of Construction Estimate - Savello & Associates | | $ (30,000) | | |
| Rendering | | $ (20,000) | | |
| Appraisal | | $ (25,000) | | |
| Contingency 5% | | $ (66,525) | | |
| | | | **$ (2,301,525)** | |
| Subtotal Land, Entitlement Costs | | | **$ (12,015,935)** | |
| Sale of 200 Single Family Detached Lots | | $ 29,036,150 | | |
| Broker Sales Fee (5%) | | $ (1,016,265) | | |
| Closing Costs 1/2% | | $ (145,181) | | |
| Subtotal Adjusted Land Sales Proceeds | | | **$ 27,874,704** | |
| Net Proceeds from Land Sales - Raw Final Mapped Lots | | | **$ 15,858,769** | |
| | | | | |
| **Investor Return** | | | | |
| Capital Gain Investor | | | | $ 15,858,769 |
| Return On Investment (ROI) to Investors | | | | **131.98%** |

The hypothetical projected Capital Gain for a Buyer/Investor from the entitlement development of the property to a Final Map for a 200 Lot subdivision is approximately a 131.98% Return on the Investment (ROI), over a 2 year process term.

If the property is held for 10 years the Capital Gain would be exempt from federal taxation by law, thru the adjustment of the investment basis to the current market value of the property, at sale. (Please consult a Tax Attorney for clear verification)

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