



City of Del Mar Staff Report



TO: Honorable Mayor and City Council Members

FROM: Kathleen A. Garcia, Planning and Community Development Director
Via Scott W. Huth, City Manager

DATE: May 19, 2014

SUBJECT: 1050 Camino del Mar Highest and Best Economic Use Analysis

REQUESTED ACTION/RECOMMENDATION:

Staff requests that the City Council review and receive the report on the assessment of the highest and best economic use analysis for 1050 Camino del Mar.

DISCUSSION/ANALYSIS:

On February 18, 2014, the City Council requested that the economic consultant, Keyser Marston Associates (KMA), prepare an assessment of the highest and best economic use for 1050 Camino del Mar, the publicly owned property currently used for City Hall, as part of their updates to previously prepared economic assessments for the same property.

As this is an economic analysis, the highest and best use does not include the City Hall actually being located on this site. However, by analyzing the potential land values under different development scenarios, the KMA study looks at the possible offsetting revenues from the different types of development which could help fund the construction of a City Hall on a portion of the site.

As a result, KMA analyzed four scenarios (Attachment A) for the approximately 67,578 square feet (SF) property (including alley). In each case, the assumptions were that the City could sell all (or part) of the property. However, the intent was only to show the ranges of options and is therefore hypothetical; it is not a recommendation or commitment to sell all or part of the public property.

The options that KMA analyzed followed hypothetical developments and assumed that the property was rezoned from its current zoning as Public Facilities (PF) to a use currently allowed by the Del Mar Zoning Code. Densities that do not currently exist in Del Mar were not tested and would require a Specific Plan or other entitlement process to facilitate. Each development scenario is analyzed in terms of its residual land value per square foot, which is defined as the sales price less the cost of development.

City Council Action:

Option 1 Single Family Residential: Option 1 assumes the zone as R2, “High Density Residential” which is the adjacent residential zone to the west. Pursuant to the zoning requirements, the property could be divided into eight (8) single-family lots in the same pattern as the existing, adjacent residential lots and with the continuation of the existing alley between and parallel to 10th and 11th Streets. It is estimated that the Residual Land Value would be \$164/SF or \$1,300,600 per lot. For all eight lots, this would provide a Residual Land Value for the entire property of \$10,405,000.

Option 2 Multi-Family Residential: Option 2 assumes the same R2 Zone but takes advantage of the provision for two single family dwellings allowed on each lot, which maintains the same lot layout but creates 16 condominium ownership style homes on the eight lots. It is estimated that the Residual Land Value would be \$203/SF or \$805,900 per unit. For all sixteen units (two per lot), this would provide a Residual Land Value for the entire property of \$12,894,400.

Option 3 Commercial: Option 3 assumes that the entire property is zoned Central Commercial, the alley is vacated for development and the property is developed as a mix of retail, office and restaurant uses at .45 FAR as allowed by zoning. The scenario assumed 29,944 commercial square feet and 160 parking stalls. It is estimated that the Residual Land Value would be approximately \$33/SF or \$2,239,000 for the entire property.

Option 4 Hotel: Option 4 assumes that the property is zoned Visitor Commercial and with the allowed floor area ratio (.40 FAR), it would support a 21,000 SF, 35 room hotel, parking for 83 cars, a 2,516 SF restaurant and hotel amenities. It is estimated that the residual land value would be (\$24)/SF, a negative land value and not a feasible option for the property.

Summary: In summary, the study shows that the highest and best use for the property, using zoning that is currently allowed in the City of Del Mar, is a residential R-2 Zone, which could net approximately \$10,000,000 to \$13,000,000 for the property, or \$164 to \$203 per square foot if a portion of the property is developed as R-2. This information will be useful for future discussions of mixed use, public/private partnerships and the future uses on 1050 Camino del Mar.

ATTACHMENTS:

Attachment A – Keyser Marston Associates Highest & Best Use Study

ATTACHMENT A

**1050 Camino del Mar
Highest and Best Use Study**

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**Keyser Marston Associates, Inc.
May 12, 2014**

SUMMARY TABLE

**CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR**

	OPTION 1	OPTION 2	OPTION 3	OPTION 4
	SINGLE-FAMILY RESIDENTIAL	MULTI-FAMILY RESIDENTIAL	COMMERCIAL	HOTEL
I. DIRECT COSTS				
A. Site Work (\$/SF)	\$15	\$15	\$15	\$15
B. Shell Costs (\$/SF)	\$150	\$161	\$125	\$160
C. Commercial Tenant Improvements (\$/SF)	--	--	\$50	\$50
D. Parking Costs (\$/Space)	\$15,000	\$18,000	\$20,000	\$40,000
E. Total Direct Costs (\$/SF GBA)	\$188	\$199	\$316	\$389
II. INDIRECT & FINANCING COSTS				
A. Indirects (% of Directs)	30%	30%	25%	25%
B. Financing (% of Directs)	10%	10%	10%	15%
III. TOTAL DEVELOPMENT COSTS				
A. Per Unit/Room	\$1,369,800	\$773,600	--	\$414,200
B. Per SF/GBA	\$263	\$278	\$427	\$545
IV. SALES PRICE / RENT				
A. Residential Sales Price (\$/SF)	\$750	\$800	--	--
B. Residential Sales Price (\$/Unit)	\$3,608,600	\$2,064,600	--	--
C. Retail (\$/SF/Mo. NNN)	--	--	\$5.00	\$4.75
D. Restaurant/Cafe (\$/SF/Mo. NNN)	--	--	\$4.50	
E. Office (\$/SF/Mo. FSG)	--	--	\$3.00	--
F. Hotel (ADR)	--	--	--	\$250
G. Commercial Cap Rate	--	--	6.5%	6.5%
H. Hotel Cap Rate	--	--	--	8.0%
V. RESIDUAL LAND VALUE				
A. Per Unit/Room	\$1,300,600	\$805,900	--	(\$45,500)
B. Per SF Site	\$164	\$203	\$33	(\$24)

Financial Pro Forma Analysis

Single-Family Residential

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TABLE 1-A

PROJECT DESCRIPTION
 CITY HALL FEASIBILITY STUDY UPDATE
 CITY OF DEL MAR

I. Site Area	1.46 Acres
II. Average Lot Size	7,950 SF
III. Gross Building Area (GBA)	
Residential Area	
Detached Home	19,446 SF
Basement	19,046 SF
Garage	<u>3,200</u> SF
Total Gross Building Area	41,692 SF
IV. Number of Units	8 Units
V. Average Unit Size	
Detached Home	2,431 SF
Add: Basement	2,381 SF
Add: Garage	<u>400</u> SF
Total GBA	5,212 SF
VI. Parking	Detached Garages
Number of Spaces	16 Spaces
Parking Ratio	2.0 Spaces/Unit
Average SF/Space	400 SF

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SINGLE-FAMILY RESIDENTIAL

TABLE 1-B

**ESTIMATED DEVELOPMENT COSTS
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR**

	<u>Totals</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs			
Off-Site Improvements	\$0	\$0	\$0 Per SF Site
On-Sites/Landscaping	\$954,000	\$119,300	\$15 Per SF Site
Shell Construction - Garage	\$240,000	\$30,000	\$75 Per SF - Garage
Shell Construction - Detached Home	\$3,403,000	\$425,400	\$175 Per SF - Detached Home
Shell Construction - Basement	\$2,857,000	\$357,100	\$150 Per SF - Basement
Common Area Amenities	\$0	\$0	Allowance
Contingency	<u>\$373,000</u>	<u>\$46,600</u>	5.0% of Directs
Total Direct Costs	\$7,827,000	\$978,400	\$188 Per SF GBA
II. Indirect Costs (1)	\$2,348,000	\$293,500	30.0% of Directs
III. Financing Costs	\$783,000	\$97,900	10.0% of Directs
IV. Total Development Costs	\$10,958,000	\$1,369,800	\$263 Per SF GBA

(1) Includes Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE 1-C

SALES PROCEEDS / RESIDUAL LAND VALUE
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

	<u>Average Unit Size</u>	<u># of Units</u>	<u>Price Per SF</u>	<u>Price Per Unit</u>	<u>Gross Sales</u>
I. Sales Proceeds					
Residential Units	4,812 SF	8	\$750	\$3,608,600	\$28,868,800
II. Net Sales Proceeds					
Gross Sales Proceeds					\$28,869,000
(Less) Cost of Sale @	6.0% of Gross Sales Proceeds				(\$1,732,000)
(Less) Target Developer Profit @	20.0% of Gross Sales Proceeds				<u>(\$5,774,000)</u>
Net Sales Proceeds			\$555 /SF		\$21,363,000
<hr/>					
III. Residual Land Value					
Net Sales Proceeds					\$21,363,000
(Less) Development Costs					<u>(\$10,958,000)</u>
Residual Land Value					\$10,405,000
Per Unit					\$1,300,600
Per SF Site					\$164

WORKSHEET 1-A

DETACHED RESIDENTIAL SALES, JANUARY 2013 TO PRESENT (1)
 CITY HALL FEASIBILITY STUDY UPDATE
 CITY OF DEL MAR

<u>Date</u>	<u>Address</u>	<u>Sales Price</u>	<u>Unit SF</u>	<u>Price/SF</u>	<u>Beds</u>	<u>Baths</u>	<u>Year Built</u>	<u>Neighborhood</u>
08/09/13	150 10th St	\$5,950,000	4,437	\$1,341	5.0	6.0	2013	Del Mar
05/21/13	140 7th St (2)	\$4,500,000	5,200	\$865	5.0	5.5	2012	Del Mar
04/19/13	111 Little Orphan Alley	\$4,300,000	1,595	\$2,696	3.0	3.0	2000	Del Mar
10/11/13	1104 Stratford Ct (2)	\$4,300,000	4,295	\$1,001	3.0	4.0	2003	Olde Del Mar
03/11/14	1140 Luneta Dr (2)	\$4,200,000	3,800	\$1,105	4.0	4.0	2003	Del Mar
03/20/13	1737 Grand Ave (2)	\$3,462,500	3,839	\$902	4.0	4.5	2006	Beach Colony
01/16/13	118 11th St	\$2,695,000	2,611	\$1,032	4.0	4.5	2012	Del Mar
03/10/14	152 7th St	\$2,676,500	2,505	\$1,068	3.0	3.5	2007	Bluffs
01/17/13	134 Little Orphan Alley	\$2,100,000	2,095	\$1,002	3.0	3.5	2003	Del Mar Bluffs
05/22/13	159 6th St	\$1,959,000	2,230	\$878	3.0	2.5	2007	Olde Del Mar
06/11/13	327 9th St	\$1,850,000	1,649	\$1,122	3.0	3.0	2003	Del Mar
07/29/13	321 14th St	\$1,850,000	2,200	\$841	3.0	3.5	2006	Olde Del Mar
01/21/14	325 9th St	\$1,625,000	1,908	\$852	3.0	3.0	2003	Del Mar Village
02/25/13	131 Shippey Lane	\$1,030,000	1,109	\$929	2.0	1.5	2003	Beach
	Minimum	\$1,030,000	1,109	\$841	2.0	1.5	2000	
	Maximum	\$5,950,000	5,200	\$2,696	5.0	6.0	2013	
	Median	\$2,685,750	2,368	\$1,002	3.0	3.5	2005	
	Average	\$3,035,571	2,820	\$1,117	3.4	3.7	2006	

(1) Reflects sales of detached homes, built in 2000 or later, in the City of Del Mar.
 (2) Includes basement in unit size.

Financial Pro Forma Analysis

Multi-Family Residential

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TABLE 2-A

PROJECT DESCRIPTION
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

I. Site Area	1.46 Acres
II. Average Lot Size	3,975 SF
III. Gross Building Area (GBA)	
Residential Area	
Detached Home	19,046 SF
Basement	22,246 SF
Garage	<u>3,200</u> SF
Total Gross Building Area	44,492 SF
IV. Number of Units	16 Units
V. Average Unit Size	
Detached Home	1,190 SF
Add: Basement	1,390 SF
Add: Garage	<u>200</u> SF
Total GBA	2,781 SF
VI. Parking	Attached Garages
Number of Spaces	16 Spaces
Parking Ratio	1.0 Spaces/Unit
Average SF/Space	200 SF

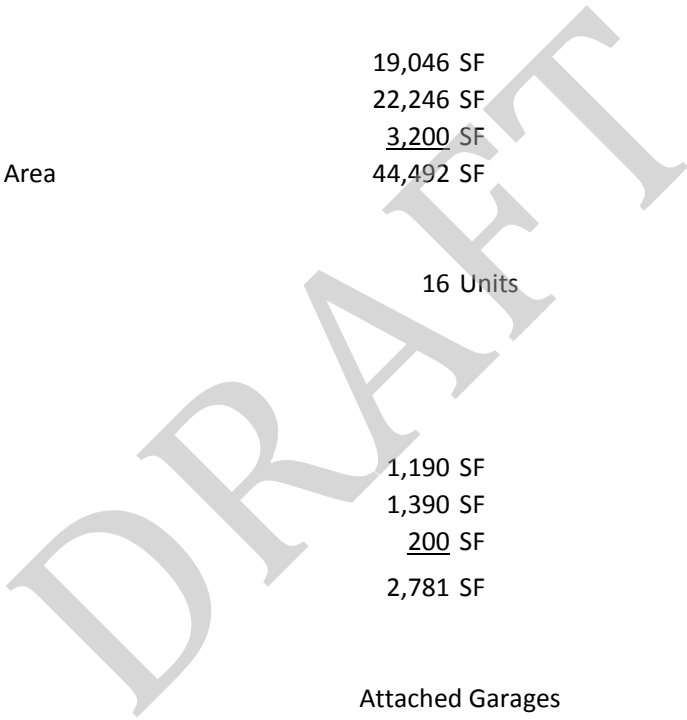


TABLE 2-B

ESTIMATED DEVELOPMENT COSTS
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

	<u>Totals</u>	<u>Per Unit</u>	<u>Comments</u>
I. Direct Costs			
Off-Site Improvements	\$0	\$0	\$0 Per SF Site
On-Sites/Landscaping	\$954,000	\$59,600	\$15 Per SF Site
Shell Construction - Garage	\$288,000	\$18,000	\$90 Per SF - Garage
Shell Construction - Detached Home	\$3,619,000	\$226,200	\$190 Per SF - Detached Home
Shell Construction - Basement	\$3,559,000	\$222,400	\$160 Per SF - Basement
Common Area Amenities	\$0	\$0	Allowance
Contingency	<u>\$421,000</u>	<u>\$26,300</u>	5.0% of Directs
Total Direct Costs	\$8,841,000	\$552,600	\$199 Per SF GBA
II. Indirect Costs (1)	\$2,652,000	\$165,800	30.0% of Directs
III. Financing Costs	\$884,000	\$55,300	10.0% of Directs
IV. Total Development Costs	\$12,377,000	\$773,600	\$278 Per SF GBA

(1) Includes Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Sales, and Contingency.

TABLE 2-C

SALES PROCEEDS / RESIDUAL LAND VALUE
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

	<u>Average Unit Size</u>	<u># of Units</u>	<u>Price Per SF</u>	<u>Price Per Unit</u>	<u>Gross Sales</u>
I. Sales Proceeds					
Residential Units	2,581 SF	16	\$800	\$2,064,600	\$33,033,600
II. Net Sales Proceeds					
Gross Sales Proceeds					\$33,034,000
(Less) Cost of Sale @	6.0% of Gross Sales Proceeds				(\$1,982,000)
(Less) Target Developer Profit @	17.5% of Gross Sales Proceeds				<u>(\$5,781,000)</u>
Net Sales Proceeds			\$612 /SF		\$25,271,000
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III. Residual Land Value					
Net Sales Proceeds					\$25,271,000
(Less) Development Costs					<u>(\$12,377,000)</u>
Residual Land Value					\$12,894,000
Per Unit					\$805,900
Per SF Site					\$203

OPTION 3

Financial Pro Forma Analysis

Commercial

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TABLE 3-B

ESTIMATED DEVELOPMENT COSTS
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

	<u>Totals</u>	<u>Comments</u>
I. Direct Costs		
Off-Site Improvements	\$0	\$0 Per SF Site
On-Sites/Landscaping	\$1,014,000	\$15 Per SF Site
Parking - Surface	\$800,000	\$10,000 Per Surface Space
Parking - Tuck-Under	\$2,400,000	\$30,000 Per Tuck-Under Space
Shell Construction	\$3,743,000	\$125 Per SF GBA
Tenant Improvements	\$963,000	\$50 Per SF - Commercial
Common Area Amenities/FF&E	\$100,000	Allowance
Contingency	<u>\$451,000</u>	5.0% of Directs
Total Direct Costs	\$9,471,000	\$316 Per SF GBA
II. Indirect Costs (1)	\$2,368,000	25.0% of Directs
III. Financing Costs	\$947,000	10.0% of Directs
IV. Total Development Costs	\$12,786,000	\$427 Per SF GBA

(1) Includes Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Developer Fee, Marketing/Lease-up, and Contingency.

TABLE 3-C

**NET OPERATING INCOME / NET SALES PROCEEDS
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR**

	<u>Total Area (1)</u>	<u>Monthly Rent</u>	<u>Total Annual</u>
I. Gross Scheduled Income (GSI)			
Retail	16,363 SF	\$5.00 SF/Month/NNN	\$982,000
Restaurant/Café	5,690 SF	\$4.50 SF/Month/NNN	\$307,000
Office	3,400 SF	\$3.00 SF/Month/FSG	<u>\$122,000</u>
Total Commercial GSI	25,452 SF		\$1,411,000
Add: Parking Income (Effective)	160 Spaces @	\$0 /Space/Month	<u>\$0</u>
Total Gross Scheduled Income			\$1,411,000
II. (Less) Vacancy			
(Less) Vacancy - Retail	10.0% of GSI - Retail		(\$98,200)
(Less) Vacancy - Restaurant/Café	10.0% of GSI - Restaurant/Café		(\$30,700)
(Less) Vacancy - Office	5.0% of GSI - Office		<u>(\$6,100)</u>
Total Vacancy			(\$135,000)
III. Total Effective Gross Income			
			\$1,276,000
IV. Operating Expenses			
(Less) Retail Unreimbursed Expenses	5.0% of EGI - Retail		(\$44,200)
(Less) Restaurant/Café Unreimbursed Expenses	5.0% of EGI - Restaurant/Café		(\$13,800)
(Less) Office Operating Expenses @	\$8 SF/Year		<u>(\$27,200)</u>
Total Operating Expenses			(\$85,200)
V. Net Operating Income (NOI)			
			\$1,190,800
VI. Capitalized Value Upon Completion			
Stabilized Net Operating Income			\$1,191,000
Cap Rate @			6.5%
Capitalized Value Upon Completion		\$720 /SF	\$18,323,000
(Less) Cost of Sale		3.0% of Value	(\$550,000)
(Less) Target Developer Profit		15.0% of Value	<u>(\$2,748,000)</u>
VII. Net Sales Proceeds		\$590 /SF	\$15,025,000

(1) Reflects a 5% reduction for circulation/common area.

TABLE 3-D

RESIDUAL LAND VALUE
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

I. Warranted Investment

Net Sales Proceeds	\$15,025,000
(Less) Development Costs	<u>(\$12,786,000)</u>

II. Residual Land Value	\$2,239,000
Per SF Site	\$33

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OPTION 4

Financial Pro Forma Analysis

Hotel

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TABLE 4-A

PROJECT DESCRIPTION
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

I. Site Area

Commercial Area	1.46 Acres
Add: Vacated Portion of 10th Street	<u>0.09</u> Acres
Total Site Area	1.55 Acres

II. Gross Building Area (GBA)

Hotel	21,000 SF	78.9%
Common Areas	included above	0.0%
Spa	<u>3,100</u> SF	<u>11.6%</u>
Subtotal - Hotel	24,100 SF	90.5%
Add: Commercial Area	<u>2,516</u> SF	<u>9.5%</u>
Total Gross Building Area	26,616 SF	100.0%

III. Number of Hotel Rooms 35 Rooms**IV. Average Room Size** 600 SF/Room**V. Parking**

Type of Parking Fully subterranean, mechanically ventilated

Surface	0 Spaces	0.0%
Tuck-Under	0 Spaces	0.0%
Enclosed/Subterranean	<u>83</u> Spaces	<u>100.0%</u>
Total Spaces	83 Spaces	100.0%

Hotel Spaces	44 Spaces	1.3 Spaces/Room
Spa Spaces	11 Spaces	3.5 Spaces/1,000 SF
Restaurant Spaces	<u>28</u> Spaces	11.1 Spaces/1,000 SF
Total Spaces	83 Spaces	

TABLE 4-B

**ESTIMATED DEVELOPMENT COSTS
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR**

	<u>Totals</u>	<u>Per Room</u>	<u>Comments</u>
I. Direct Costs			
Off-Site Improvements	\$0	\$0	\$0 Per SF Site
On-Sites/Landscaping	\$1,014,000	\$29,000	\$15 Per SF Site
Parking - Enclosed/Subterranean	\$3,320,000	\$94,900	\$40,000 Per Space
Shell Construction	\$4,259,000	\$121,700	\$160 Per SF GBA
FF&E	\$1,050,000	\$30,000	\$39 Per SF GBA
Common Area Amenities	\$100,000	\$2,900	Allowance
Commercial Tenant Improvements	\$126,000	\$3,600	\$50 Per SF - Commercial
Contingency	<u>\$487,000</u>	<u>\$13,900</u>	5.0% of Directs
Total Direct Costs	\$10,356,000	\$295,900	\$389 Per SF GBA
II. Indirect Costs (1)	\$2,589,000	\$74,000	25.0% of Directs
III. Financing Costs (2)	\$1,553,000	\$44,400	15.0% of Directs
IV. Total Development Costs	\$14,498,000	\$414,200	\$545 Per SF GBA

(1) Includes Architecture & Engineering, Permits & Fees, Legal & Accounting, Taxes & Insurance, Marketing/Pre-Opening Expenses, Developer Fee, and Contingency.

(2) Includes financing fees, interest during construction, and operating deficit reserve.

TABLE 4-C

NET OPERATING INCOME / NET SALES PROCEEDS - HOTEL
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

I. Revenue			
Room Revenue	\$250 ADR	72.0% Occupancy	\$2,300,000
Average Daily Rate			
Food & Beverage		40.0% of Room Revenue	\$920,000
Telephone Revenue		1.0% of Room Revenue	\$23,000
Spa Income		10.0% of Room Revenue	\$230,000
Parking Revenue	55 Spaces @	\$0 /Space/Month	<u>\$0</u>
Effective Gross Income (EGI)			\$3,473,000
II. Expenses			
(Less) Room Expenses		25.0% of Room Revenue	(\$575,000)
(Less) Food & Beverage Expense		45.0% of Food & Beverage	(\$414,000)
(Less) Telephone Expense		100.0% of Telephone Revenue	(\$23,000)
(Less) Spa Expense		<u>70.0%</u> of Spa Revenue	<u>(\$161,000)</u>
Subtotal Departmental Expenses		33.8% of EGI	(\$1,173,000)
(Less) Overhead Expenses		25.0% of GSI	(\$868,250)
(Less) Fixed Charges		10.0% of GSI	<u>(\$347,300)</u>
Total Expenses			(\$2,388,550)
III. Net Operating Income (NOI) - Hotel		31.2% of Gross Revenue	\$1,084,450
IV. Capitalized Value Upon Completion			
Stabilized Net Operating Income			\$1,084,000
Cap Rate @			8.0%
Capitalized Value Upon Completion		\$387,100 /Room	\$13,550,000
(Less) Cost of Sale		3.0% of Value	(\$407,000)
(Less) Target Developer Profit		12.0% of Value	<u>(\$1,626,000)</u>
V. Net Sales Proceeds - Hotel		\$329,057 /Room	\$11,517,000

TABLE 4-D

NET OPERATING INCOME / NET SALES PROCEEDS - COMMERCIAL
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR

	<u>Total Area</u> (1)	<u>Monthly Rent</u>	<u>Total Annual</u>
I. Gross Scheduled Income (GSI)			
Commercial	2,139 SF	\$4.75 SF/Month/NNN	\$121,900
Add: Parking Income (Effective)	28 Spaces	\$0 /Space/Month	\$0
(Less) Vacancy - Commercial		5.0% of GSI - Retail	<u>(\$6,100)</u>
II. Effective Gross Income (EGI)			\$115,800
III. Operating Expenses			
(Less) Retail Unreimbursed Expenses		5.0% of EGI - Retail	<u>(\$5,800)</u>
IV. Net Operating Income (NOI) - Commercial			\$110,000
V. Capitalized Value Upon Completion			
Stabilized Net Operating Income			\$110,000
Cap Rate @			6.5%
Capitalized Value Upon Completion		\$791 /SF	\$1,692,000
(Less) Cost of Sale		3.0% of Value	(\$51,000)
(Less) Target Developer Profit		15.0% of Value	<u>(\$254,000)</u>
VI. Net Sales Proceeds - Commercial		\$649 /SF	\$1,387,000

(1) Reflects a 5% reduction for circulation/common area.

TABLE 4-E

**RESIDUAL LAND VALUE
CITY HALL FEASIBILITY STUDY UPDATE
CITY OF DEL MAR**

I. Supportable Investment

Net Sales Proceeds - Hotel	\$11,517,000
Net Sales Proceeds - Commercial	<u>\$1,387,000</u>
Total Supportable Investment	\$12,904,000
(Less) Development Costs	<u>(\$14,498,000)</u>

II. Residual Land Value	(\$1,594,000)
Per Room	(\$45,500)
Per SF Site	(\$24)

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