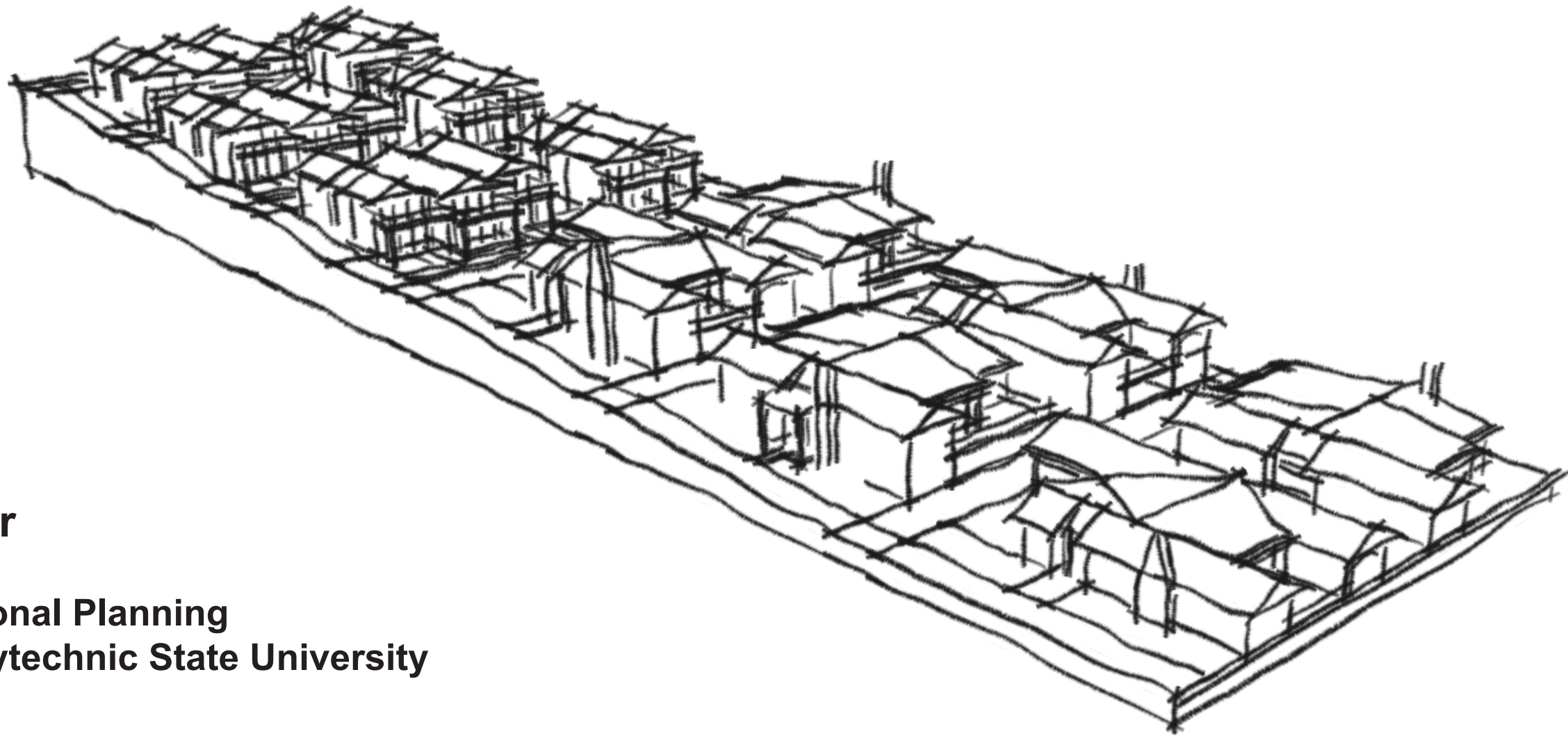


McNeal Bluffs Development Package



Jack Balfour
Senior Project
City and Regional Planning
California Polytechnic State University
Spring 2020

Professor Kieth Woodcock
Senior Project Advisor

APPROVAL PAGE

TITLE: McNeal Bluffs Development Package

AUTHOR: Jack Balfour

DATE SUBMITTED: June 6, 2020

Keith Woodcock _____
Senior Project Advisor Signature Date

Michael Boswell, Ph.D _____
Department Head Signature Date

Acknowledgments

Thank you to the McNeal Family for the inspiration for this project and for allowing me to use your lot as the development site for the project.

Thank you to Professor Keith Woodcock, my senior project advisor, who has been an enormous help throughout my senior project. I truly appreciate your advice and expertise.

Thank you to all CRP professors and staff for the tremendous help and patience with me throughout my four years at Cal Poly.

Thank you Mike Gruver for the great help with navigating the Pismo Beach regulatory environment. The expertise and documents given to me were crucial to the creation of the project.

Thank you to Jeff Oliviera for the help with environmental review and cost estimations.

Thank you to my Grandparents and Parents for the ever lasting love and support throughout my life and time at Cal Poly.

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The McNeal Bluffs is a 3.44 acre lot located within the South Palisade neighborhood of Shell Beach, California. The McNeal Bluffs Development Package provides the information necessary to guide any future housing development on this property at the time of completion of this document. The package contains site analysis looking not only at the site itself but the surrounding area and region. The package then provides a detailed breakdown of the regulatory requirements that would be needed to get a project of this magnitude entitled. From there a real estate market analysis is conducted providing information on the real estate market of the whole region, locally, and provides information on recent comparable projects. A possible concept design is created to offer a look at what a development on the site might look like. Finally, the package provides a proforma that estimates the potential profits, costs, and feasibility of a project being created on the site. Overall, the information in this study is to the best of my ability as of June 2020.

Executive Summary

Chapter 1

Site Analysis

Chapter 2

Regional Context

The development site is located in Shell Beach which is within the City of Pismo Beach. Shell Beach is located in San Luis Obispo County in an area known as the Central Coast. The Central Coast is home to rolling green hills, rugged coastlines, and a moderate climate for year round outdoor living. San Luis Obispo County is located right in between the two major California cities of San Francisco and Los Angeles. Roughly three hours driving between each city makes this county easily accessible by both major hubs, while offering a slow paced lifestyle without the hustle and bustle of the big cities. San Luis Obispo County and the Central Coast have become a premier vacation and retirement destinations. The charming communities, slow pace of life, quiet beaches, outdoor recreation and access to premier wineries have attracted many to visitors.

The site's regional location makes it an ideal development site that will attract many home buyers. Its nearby amenities and cities allow potential home buyers to have great quality life with lots to do and enjoy.



Figure 1: Regional Context Map

Local Context

Pismo Beach is within minutes of Shell Beach by car and offers a large amount of amenities for people living in Shell Beach. Pismo Beach has many outdoor activities. It contains a large expansive beach with a large pier. It is home to Pismo Beach Golf Course and many parks and open spaces. Pismo Beach State Park contains sand dunes where many people ride dirt bikes, dune buggies, and other all terrain vehicles. Pismo Beaches downtown is a very lively and typical beach community with many shops, restaurants, and bars. Pismo Beach has the Pismo Beach Outlets which give residents the ability to shop for high end designer brand shopping within minutes of Shell Beach. The proximity to Pismo Beach also allows Shell Beach residents to experience a lively nightlife and busy beach boardwalk during the summers.

The communities to the south of Pismo are Grover Beach and Arroyo Grande. These two cities contain big box stores like WalMart, Big 5 Sporting Goods, Trader Joes, and much more. Arroyo Grande has a full Regal Cinema. Arroyo Grande and Grover Beach are within ten minutes of Shell Beach, giving easy access to all the necessities one would need. Shell Beach offers the best of both worlds with its proximity to all the essential goods necessary, while still being a quiet and secluded beach community.



Figure 4: Pismo Beach Pier



Figure 5: Downtown Pismo Beach during car show

Site Analysis

Chapter 2

The development site is located within Shell Beach which is a part of the City of Pismo Beach. Shell Beach is a smaller and quieter community within the larger Pismo Beach city. It is isolated to the north of the downtown center of Pismo Beach. Shell Beach is actually nine separate beaches tucked below the bluffs where the community lies. Although Shell Beach is home to several hotels and resorts, it is mostly a residential community. The community does contain restaurants and shops but much more limited compared to Pismo Beach proper. Along the main road, Shell Beach Road, there are a handful of restaurants and bars. The road also contains some shops and basic services, like a barber shop and a corner market. Within the community there are many parks and public access points to the beaches that are clearly designated enhancing the outdoor lifestyle. The community also contains a fire station, gas station, Shell Beach Elementary School, and Pismo Beach City Hall. Shell Beach offers many amenities while keeping the quiet residential neighborhood feel.



Figure 6: Local Context Map



Figure 7: Shell Beach restaurant Zorro's



Figure 8: Bluffs of Shell Beach

Immediate Surrounding Site Context

The project site is located within the South Palisades area of Shell Beach. The site is bordered with homes to the south, the bluff to the west, Beachcomber Drive to the north and Shell Beach Rd/Hwy 101 to the east. This area of Shell Beach, although zoned for Medium Density, contains mostly single family homes with scattered town-homes and condos. The surrounding neighborhood of the site are single family homes with lot sizes roughly 6,500 sq feet. These homes are Tuscan/Spanish style homes. They are sided in light stucco and use terracotta roof tiles.

The west side of the site is the bluff that overlooks the sand beach and the Pacific Ocean. The view of the ocean from the bluff is completely unobstructed. On the right and left of the west side of the site is the South Palisades Park. This park contains a meandering walking path, picnic benches, and areas to have a barbecue. The park overlooks one of the busiest of Shell Beach beaches and also contains multiple public access points down to the beach. The closest public access to the beach from the project site is within a hundred yards to the north west of the site. The staircase is within the aforementioned South Palisades Park is known as the South Palisades Park North Staircase. This Staircase allows for easy access to the beach below for beach goers and surfers. The staircase being in close proximity is a major advantage for the site as the bluffs limit access to the beach and many neighboring developments have to travel far distances to reach a staircase down to the beach. Along the north side of the site there is public curb parking along the length of the site.

Next to the isolated section of the site, on the east side of Shell Beach Road, there is a public parking lot. Shell Beach Road is the major arterial in Shell Beach and splits the development site into two. It allows for easy access to the freeway, shops, and restaurants in Shell Beach from the site.

With the access point to the beach as well as the access to surfing BeachComber Drive can become often busy and parking can become scarce. The waves in front of the development site are some of the most crowded in Shell Beach and often in the morning there are many surfers using the South Palisades Park North Staircase to access the ocean. The South Palisades park is often visited by locals and visitors who set up picnics and events on the grass within the park.



Figure 9: Site and surrounding aerial

Immediate Surrounding Site Context Photos



1. BEACH ACCESS



1. SOUTH PALISADES PARK



1. SITE BLUFF



1. NEIGHBORING HOMES



1. SOUTH PALISADES PARK



1. PUBLIC PARKING LOT



Site

The development site is 3.44 acres or 149,487 SF. The APN is 010-144-025. The site in its current state is completely vacant with no buildings or infrastructure. The only structure on site is a chain link fence that borders the north side of the property. It is mostly covered by wild grass with shrubs located near the bluffs edge. A cluster of six pine trees are located on the east side of the main site shielding the site from Shell Beach Road. On the south side of the site there is a natural runoff ditch that runs for almost the whole length of the site down to the bluff. The ditch seems to be created by storm water runoff. Anywhere on the site you have fairly unobstructed views west of the pacific ocean only interrupted by the neighboring homes to the south and north. The neighboring homes to the south are oriented to the north west for a view of the ocean. These homes look onto the site. The slope of the site is around 8% and the slope increases and decreases at certain areas. At the top of the bluff and edge of the property line the elevation is 40 feet above sea level and at the top of the site before Shell Beach Road the elevation is around 103 feet above sea level. Grading for development will be necessary for the site. Overall the site offers a barren lot that can be easily developed in terms of grading and construction.

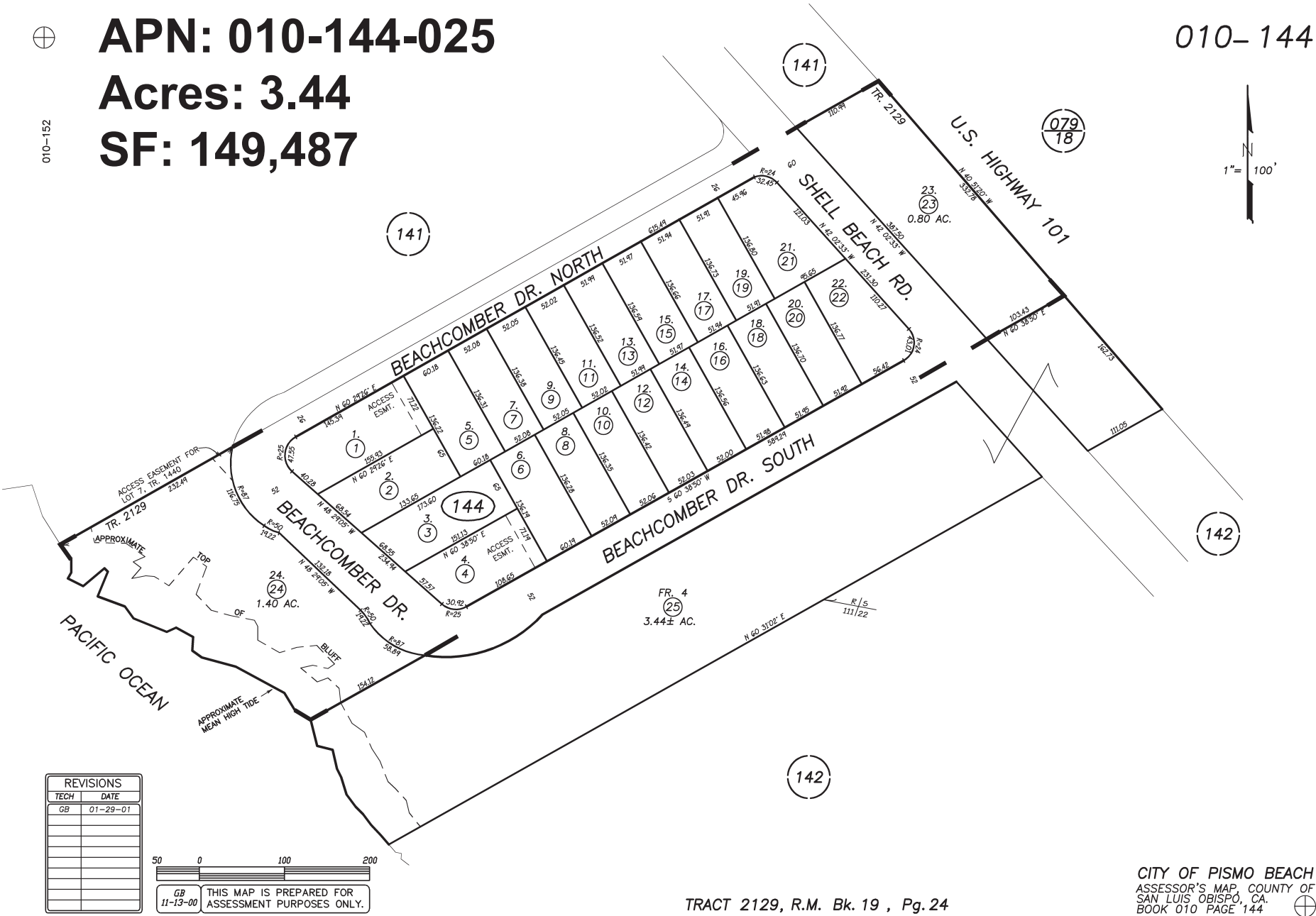


Figure 10: San Luis Obispo County Assessors Parcel Map of

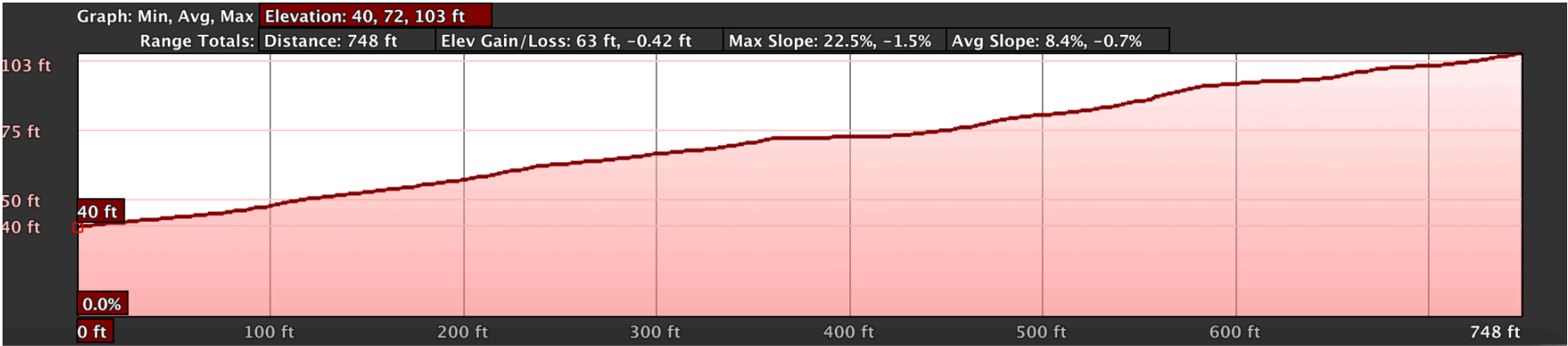


Figure 11: Site slope model and measurements

Site Photos



1. BEACH ACCESS



1. SOUTH PALISADES PARK



1. SITE BLUFF



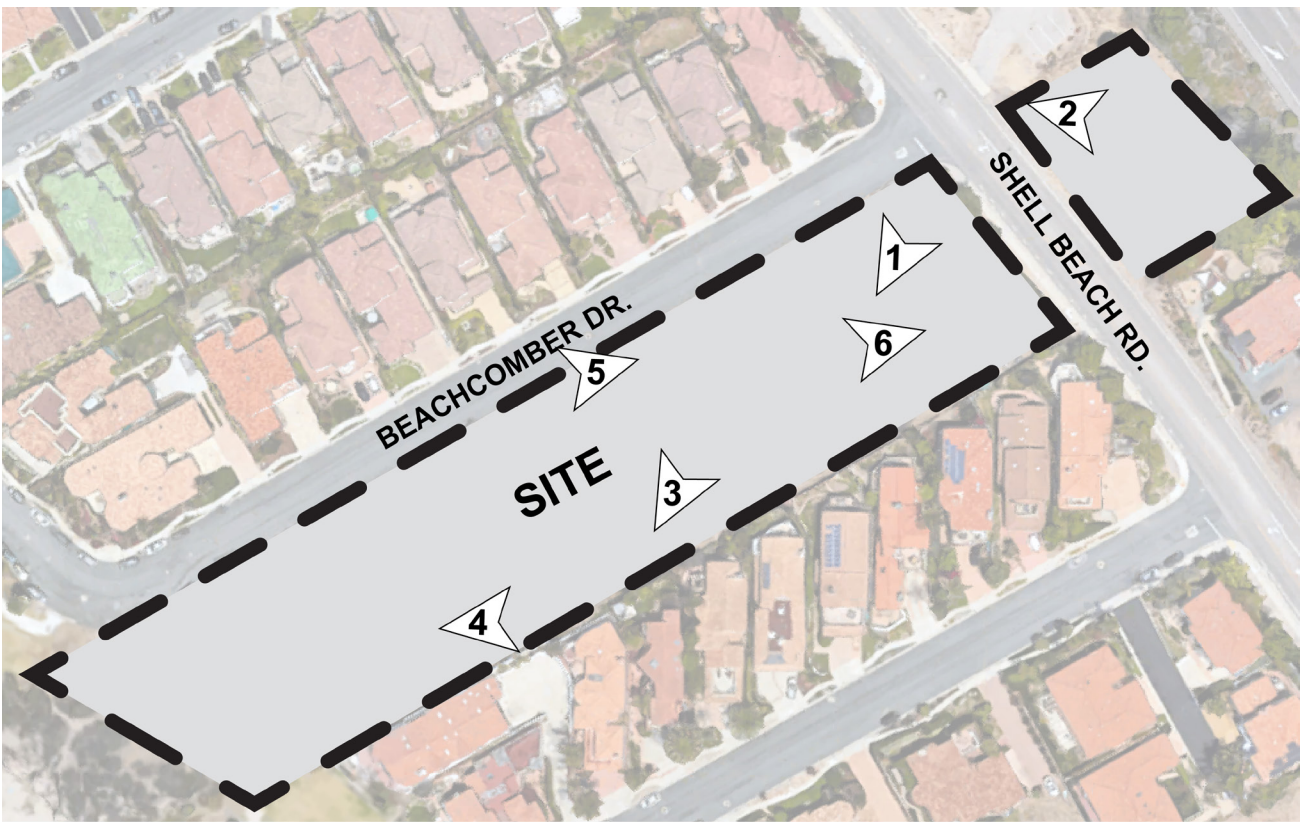
1. NEIGHBORING HOMES



1. SOUTH PALISADES PARK



1. PUBLIC PARKING LOT



Regulatory Evaluation

Chapter 3

Chapter Summary

The Regulatory Evaluation chapter reviews and provides a summary of the applicable codes, zones, and standards that determine the possible development on the site. The chapter will then provide a detailed checklist and summary of requirements for per-construction documents. The chapter will go over the potential permits and fees necessary for construction. The chapter will also provide links to city planning documents and applications.



Figure 12: View of ocean from project site bluffs edge.

Regulatory Evaluation

Chapter 3

1. Development Codes and Standards

There are two main codes that determine the allowable development on the project site. The 1983 Pismo Beach Zoning Code and 1992 Land Use Element of the Pismo Beach General Plan. The 1998 Pismo Beach Zoning Code has not been approved by the California Coastal Commission, making this code not applicable to the site. The project site is also within the South Palisades Specific Plan area. The South Palisades Specific Plan has not been adopted by the Coastal Commission, therefore it cannot be used as required legal standards on projects. Although the Specific Plan does not have the weight of law, it can and should be used as a good guide for the requirements for a future project.

1.1 Zoning

Based on the 1992 Land Use Element of the Pismo Beach General Plan and the 1983 Zoning Code the project has two zoning designations. The majority of the site is zoned Medium Density Residential (RSM)/Planned Residential (P-R). The other parts of the site closest to the bluff and the 101 Highway are designated Open Space (O-S). The RSM zoning designation defines more specific standards while P-R zoning designation gives more broad guidelines for developments within the zone. The site is within ten overlay zones on top of the basic zoning. The overlay zones are as follows: P-PUBLIC PARKING; TD-TRANSFER DENSITY; V-VIEW CONSIDERATIONS; CA-COASTAL APPEAL; H-HAZARDS; N-NOISE; OS-2-OPEN SPACE; HL-3 HEIGHT LIMITATIONS; A-ARCHAEOLOGY; AC-COASTAL ACCESS.

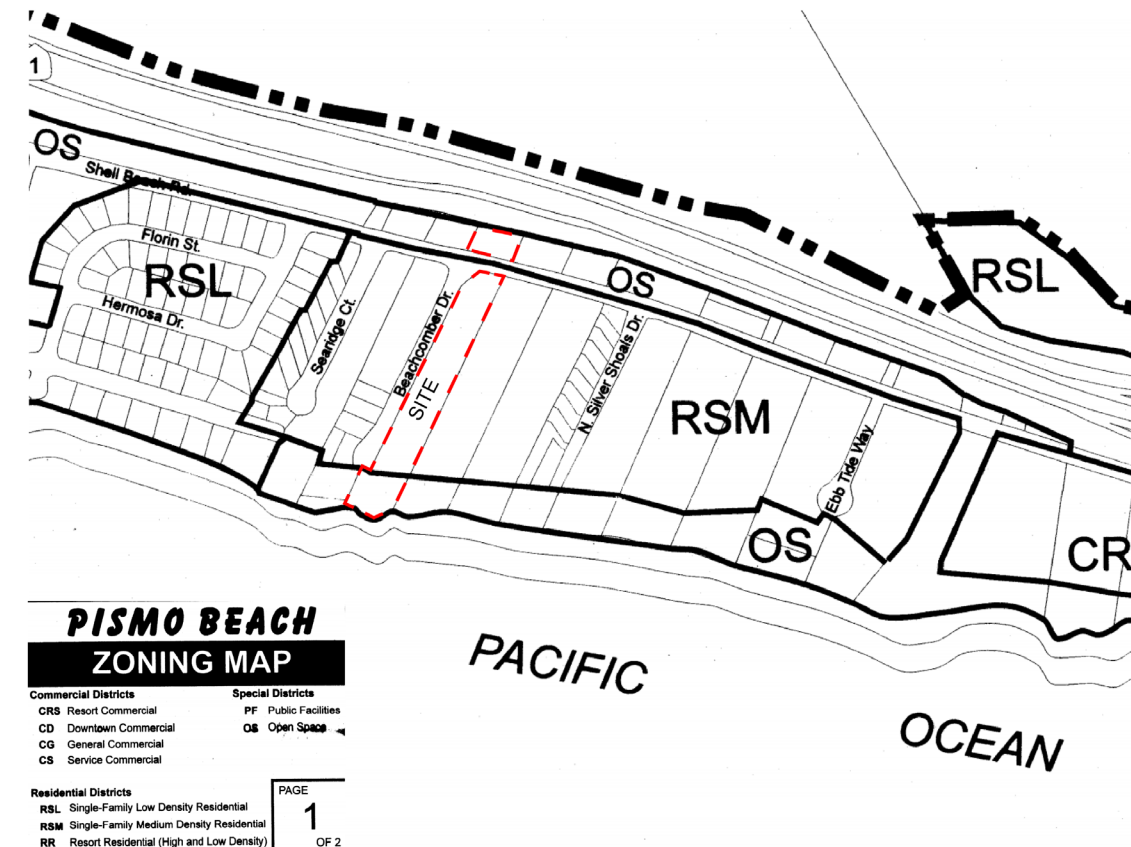


Figure 13: 1998 Land Use Element Zoning Map (RSM) (OS)

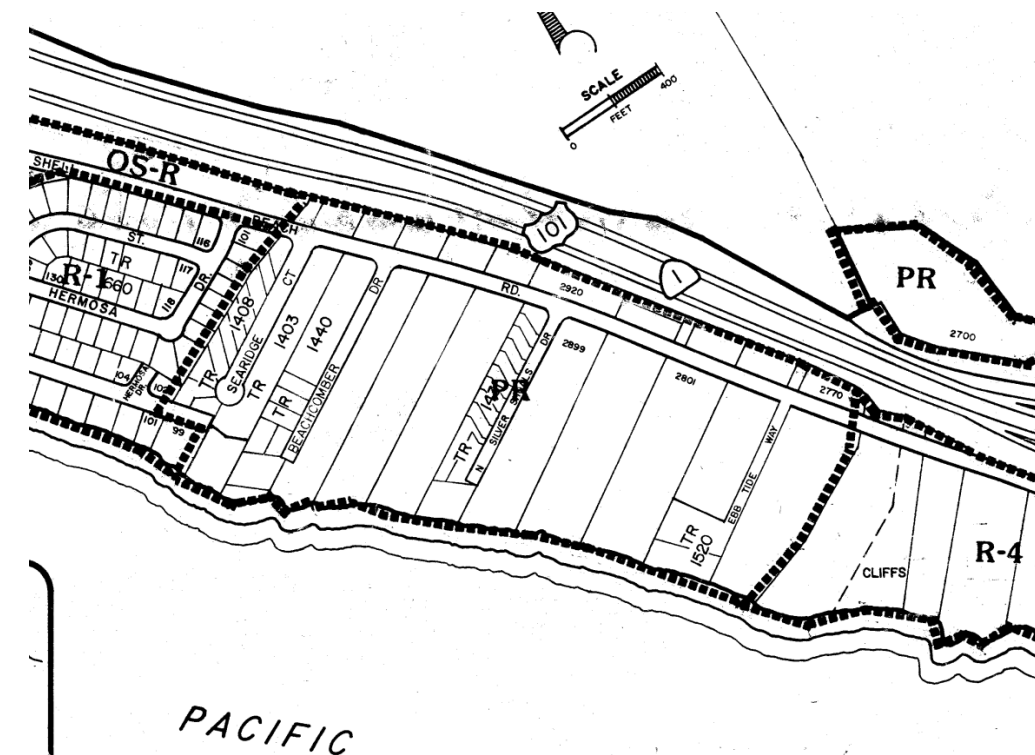


Figure 14: 1983 Zoning Code Zoning Map (P-R)

Chapter 3

1.2 Basic Development Standards

Basic Development Standards are based on the combination of codes and standards outlined in the 1983 Zoning Code, 1992 Land Use Element, and the South Palisades Specific Plan Development Standards.

Allowed Density: 9 - 15 Units/Acre

Maximum Lot Coverage: 40% of lot coverage.

As approved through use permit or Local Coastal Plan.

Height: two-story structures allowed only where they will not “substantially block ocean overviews from U.S. Highway 101”.

Structures immediately landward of the bluff setback 15’ maximum height measured from the existing grade at the center point of the building footprint. Structures not immediately landward of the bluff 25’ feet maximum from the existing site grade, measured at the center of the building footprint

Planting Area Ratio: 40%

Set Backs

Front Yard: As established by use permit, but not less than 15’

Side Yards: : As established by use permit or as identified in the Local Coastal Plan Minimum separation between main buildings ...shall be not less than ten feet. = 5’ min.

Back Yards: As established by use permit or as identified in the Local Coastal Plan; Minimum separation between main buildings ...shall be not less than ten feet. = 5’ min

Shell Beach Road Setback: 20 feet

Shell Beach Road Setback: 20 feet

Garage setback from street: 20% of lot depth minimum, no more than 20’ required (residential garage entrances only).

Encroachments into the setbacks: Uncovered cantilevered balconies and decks can encroach into the front yard setback 20% of the required setback. Encroachment into side yard setbacks - 20% for interior side yards, 40% of required street side yard.

Parking Requirements: 2 spaces, both within a garage for lots 2,700 sf. or greater; 2 spaces, only one within a garage on lots smaller than 2,700 sf.

Garage must be setback from street

Garage design: Minimum garage space is 10’ x 20’, clear of any obstructions. Roll-up garage doors are required.

Driveway width at street: no smaller than 12’ and no larger than 16’ in width (for developments with 2 - 8 parking spaces).

Other Design Standards: roof materials are to be Spanish (barrel) tiles or concrete or fiberglass blend materials. Composition roof materials are prohibited. All roof-mounted equipment, including antennae, are prohibited.

A noise study is required for every lot.

Developer is required to provide uniform fencing throughout the tract.

Fire sprinklers required for all structures

Chapter 3

1.3 Overlay Zone Standards and Requirements

The project site is within 10 different overlay zones. Each zone has specific standards and requirements that must be met within the design of the project or before starting construction on the site. This section will outline the requirements and summarize relevant information for each of the overlay zones. Each overlay zone has a specific section in the 1983 Zoning Code and will be listed by its name and numerical code. The 1983 Zoning Code can be found in Title 17 of the Pismo Beach Municipal Code.

Link to Municipal Code: [http://library.amlegal.com/nxt/gateway.dll/California/pismo/pismobeachmunicipalcode/preface?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:pismobeach_ca](http://library.amlegal.com/nxt/gateway.dll/California/pismo/pismobeachmunicipalcode/preface?f=templates$fn=default.htm$3.0$vid=amlegal:pismobeach_ca)

Archaeological and Historic Site (17.063)

This zone requires the owner to conduct an archaeological surface survey by a qualified archaeologist as a condition of development review for any proposed project. The results of this survey shall be submitted as a part of the development application. Included with this survey will be an evaluation as to the presence of cultural resources based on supportable evidence and shall also include appropriate mitigation measures, as necessary, for the project.

For specific information findings and mitigations refer to section 17.063 of the 1983 Zoning Code.



Figure 15: Archaeology and Historic Sites Overlay Zone Map

Chapter 3

Coastal Access Overlay Zone (17.066)

This overlay zone is intended to carry out the requirements of Section 4 of Article X of the California Constitution to ensure the public's right to gain access from the nearest public roadway to the shoreline. As per the requirements of the OS-2 Open Space Overlay Zone public access to the bluff and beach will not likely be hindered by a future project on this site. A possible in-lieu fee or dedication of public vertical access may be required as a condition of development application but doubtful.

For specific requirements and information regarding this overlay zone refer to section 17.066 of the 1983 Zoning Code.

Coastal Appeal Zone (17.072)

This overlay zone gives the ability of residents to appeal a development project to the Coastal Commission within 10 days of an approval of a project given by the City of Pismo Beach. Residents can appeal for various reasons. This is very important if the development approval gets appealed it can be very expensive and time consuming to continue the development. The Political Consideration section of this chapter will touch more on this topic.

For specific appeal reasons refer to section 17.072 where they are listed.

Height Limitation (HL3) Zone (17.081)

This overlay zone sets height limits for buildings in future developments within the zone. Height limitations for the project site are as follows, heights of all buildings shall vary from one to two stories, with two-story structures being allowable only in areas which will not substantially block ocean overviews from the U.S. Highway 101. Heights of structures immediately landward of the required general plan bluff setback (100 feet) shall not exceed fifteen feet in height measured from the highest point of the roof to the center point of the building footprint at site grade existing as of January 23, 1981. Heights of other structures shall not exceed a maximum of twenty-five feet above the grade. The height limitations found here are reflected in the Basic Design Standards section in this chapter.



Figure 16: CAOZ Map



Figure 17: CAZ Map



Figure 18: (HL3) Map

Chapter 3

Noise (17.084)

This overlay zone sets maximum noise exposure within noise impacted areas. With the project site being near the HWY 101, noise exposure will need to be taken into consideration on some buildings closer to Hwy 101. Look at Figure 19 for acceptable noise levels.

For more specific information regarding acceptable noise levels look at 17.084 of the 1983 zoning code.

OS-2 Open Space 17.087

This overlay zone requires that developments provide open space in conformance with the general plan/local coastal program land use plan and open space plan. Its purpose is to ensure that adequate public access and recreational activities are provided with development and that sensitive ecological or scenic areas are protected. This zone is important for the project site based on the fact that it outlines the developers responsibilities for the creation of open space within the project site. Given this fact it is clear that as part of the development continuing of the Pacific Palisades Park will be part of the development as well as other open space areas. This zone allows for the use of density transfers that can be added to the non open space areas of the project site.

D. All new developments within noise impacted areas shall implement adequate site planning and insulation measures to reduce noise to the following established noise compatibility standards:

City of Pismo Beach Noise Level Compatibility Standards**

Land Use Category	Maximum Acceptable Noise Exposure	
	Exterior, If Applicable	
Residential, Single Family, Duplex, Mobile Homes, Multi-Family Dwelling, Dormitories, etc.	60	45

Figure 19: City of Pismo Beach Noise Level Compatability Standards



Figure 20: Noise Overlay Zone Map



Figure 21: Open Space Overlay Zone Map

Chapter 3

Hazards and Protections 17.078

The hazards and protection (H) overlay zone is intended to prevent unsafe development of hazardous areas; to minimize damages to public and private property; and to minimize social and economic dislocations resulting from injuries, loss of life, and property damage. This overlay zone refers to a site with a slope 10% or larger. The project site slope is on average 8% so therefore the standards in this zone does not apply.

Public Parking (17.090)

This zone is intended to ensure access to coastal activities by fulfilling visitor parking demands. Based on knowledge of the surrounding project site it is likely that increasing public parking will not be expected of the developer when creating the project. Project site is adjacent to a public parking lot on the east side of Shell Beach Road and street parking is readily available along BeachComber Drive next to the project site.

Transfer Density (17.093)

This zone shall be used to preserve sensitive scenic resources and open space areas as is appropriate to each planning area. This is achieved through transferable densities which allow developers to relocate permitted densities from one area to another area in order to retain and preserve desirable community resources and open space. To summarize the ideas for this section, using the land designated for open space the project site could use the allowed density on the open space land within the developable land in the project site. Therefore it would allow the project site to have a density over the Medium Density Residential zoning code. There are of course exceptions.



Figure 22: HP Map



Figure 23: PP Map



Figure 24: TD Map

Regulatory Evaluation

Chapter 3

View Considerations (17.096)

This zone is a very important aspect when designing the development. The view considerations overlay zone is established to preserve, protect and maintain views of scenic land and water areas, and other areas which are of significant value to the public due to their aesthetic and scenic qualities. In order to meet the standards of the local coastal program land use plan, all new developments' height, bulk and scale shall not significantly block ocean views from city-designated scenic highways, and must provide corridor views and/or overviews of the ocean from these highways.

For our project site these are the specific regulations regarding view considerations:

- a. Thirty-five percent of the property frontage width in open scenic view corridors (of twenty feet or more in width); or
- b. Forty percent scenic overviews to be measured as described in subsection 3 below; or
- c. A combination of open scenic view corridors and overview totaling forty percent of the vertical view plane established in subsection 3 below.

Definitions:

- a. Bluff Site Line. The site line established in cross-sectional view between the freeway sight position and the top of the bluff.
- b. Building Silhouette. The building outline superimposed against the vertical view plane as seen from the freeway sight position.
- c. Freeway Sight Position. A viewing position three feet above the nearest travel lane of U.S. Highway 101.

d. Horizon Site Line. The site line established in cross-sectional view between the freeway sight position and a horizontal line drawn to the horizon.

e. Vertical View Plane: The rectangular area defined by the vertical area between the horizon and bluff site lines and the side property lines.

There are more specific aspects of view consideration like landscaping and tree conservation within the 17.096 section of the 1983 zoning code.

Designing a project that takes these guidelines into consideration is of the utmost importance. Through collaboration with the City of Pismo Beach planning staff it was made clear that the Coastal Commission takes view considerations very important. Meeting the view considerations can streamline development and lower the risk of an appeal from the Coastal Commission.



Figure 25: View Considerations Overlay Zone Map

Chapter 3

1.4 Design Standards

Specific design standards are based on the Shell Beach Design Standards and Guidelines document adopted in 2017. This section will highlight the pertinent standards and guidelines applicable to the development of the project site. The Shell Beach design standards are more vague and look more into keeping the feel and aesthetics of the community. Although they are not specific things like setback lengths and maximum allowed density, they are still important. This section will be a brief summary of the major take-aways from the document.

The full document can be found here: <http://www.pismo-beach.org/DocumentCenter/View/49081/shell-beach-design-standards-and-guidelines-final-20170217?bidId=>

Single Family Design Guidelines Summary

During the design of the development it is important to choose an architectural style and defining characteristics. The style should complement the neighborhood and developers should be wary of contrary and trendy architecture. Outdoor living is important and developments should create open space areas. In large developments like the project site interior floor plans can be repeated but the facades should not be repeated. Homes should engage the street with front porches and garages should be set back from the street. Single family homes are required to have second story step backs as to not have monolithic planes and overbearing homes. Second floors should be 80% of first floor square footage.

The use of architectural detailing and design features should be used to break up the massing of the homes and also give good aesthetics. Privacy and fencing should not be blank walls and should be dynamic and landscaped. Landscaping is an integral part of the design of homes and should add to the aesthetics of the home and neighborhood. The document goes more into specifics, above are the major aspects to keep in mind while designing the homes on the project site.

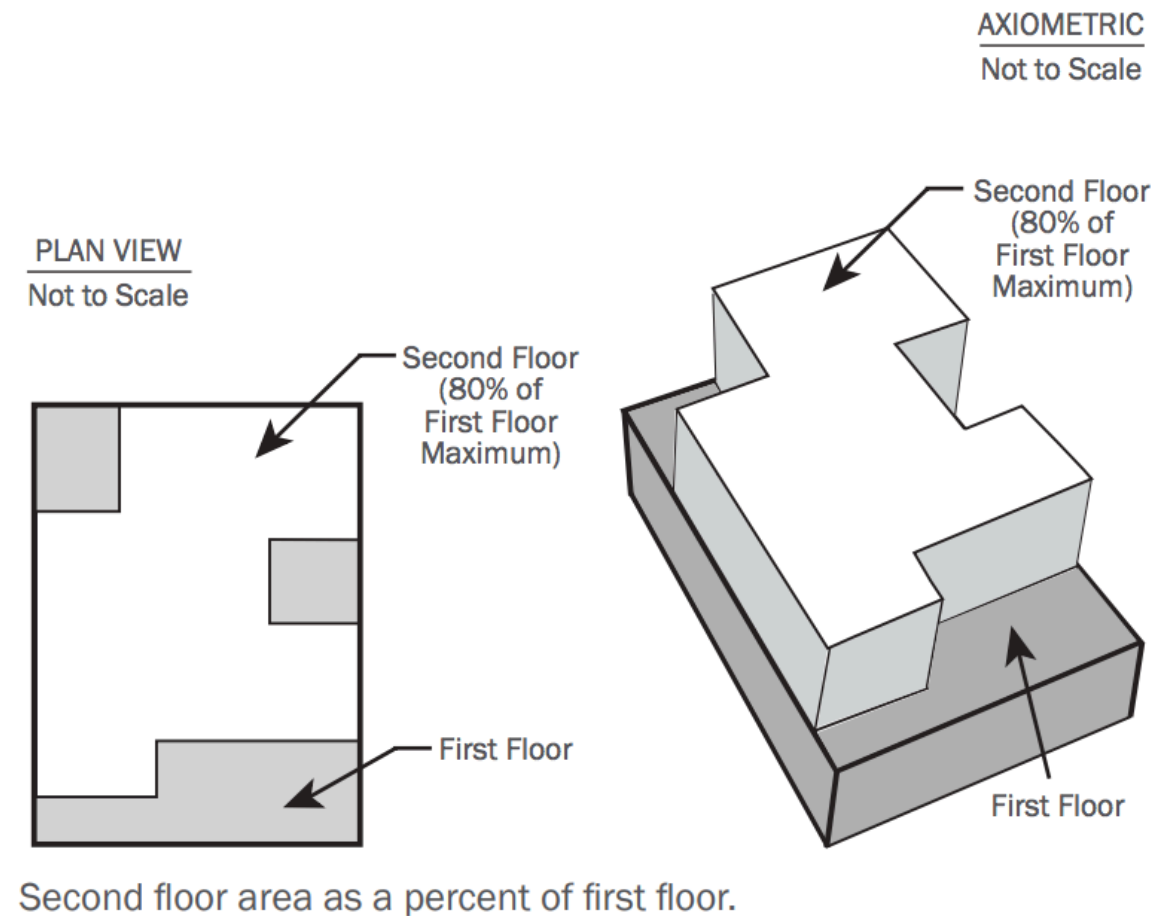


Figure 26: Second story step back diagram

Regulatory Evaluation

Chapter 3

Multi-Family Design Guidelines Summary

During the design development of the project it is important to choose an architectural style and defining characteristics. The style should complement the neighborhood and developers should be wary of contrary and trendy architecture. Multi-family buildings should be oriented to the street and private drive isles should be used to hide parking and garages from the street. Breaking up the massing of the building through second story setbacks and balconies is important for the aesthetics of the building. Blank walls should be avoided, Building facades should be well-articulated with windows, wall articulations, moldings, pilasters, trellises, exposed chimneys, variation of building materials, etc. Trash areas should be hidden and well landscaped. Minimum of 80 SF of usable outdoor space should be given to each unit through decks or shared open space. The document goes more into specifics about designing multi-family homes.



Figure 27: Example of successful multi-family development from Design Standards



Figure 28: Example of successful multi-family development from Design Standards

Chapter 3

2. Pre-Construction Requirements

This section of the chapter goes over the required pre-construction and construction requirements that will be necessary to develop McNeal Bluffs.

Throughout this section the Silver Shoals Development project will be referenced. The Silver Shoals Development located at 2900 Shell Beach, roughly 400 feet from McNeals Bluff Site, and is currently undergoing construction on a nine single family homes and ten town homes. This project site is very similar in shape and form to McNeal Bluffs and can provide valuable information. It can provide information relating to standards required, estimating costs, appeals and much more.

2.1 Tract Map

The project site currently is one parcel. Through the development of the site the singular parcel will need to be subdivided into multiple parcels to be able to be sold separately. Subdividing a parcel requires a subdivision tract map which is necessary when a parcel is divided into four or more parcels. In most all likely cases the project site will be divided into more than four parcels therefore requiring a tract map. At first a tentative tract map must be approved by the Planning Commission and Coastal Commission. Once approved by the commissions then a final tract map can be made and recorded with the county assessor's department before again being approved by the Planning and Coastal Commission. It is important to note that when creating a tentative map it should be a vesting tentative map therefore any changes in the zoning code or requirements for tract maps will not have effect once it is approved.

The tract map will obviously reflect the design of the site and therefore having a fully designed site will be necessary. The tentative tract map will need to be done by a professional civil engineer. Along with the tract map a soil survey and geological survey by a professional geologist will be required. Public improvements made by the developer will also need to be outlined in the tentative tract map through collaboration with city staff. When creating the subdivision tract map the developer will agree to improve, all streets, pedestrian ways or easements, and public utilities. No construction can be started until improvements are confirmed with the city engineer. Once the tentative map is made it will need to be submitted in an application to the Pismo Beach Planning Department. The Pismo Beach Planning Department has made a checklist and listed the requirements of the map.

The link to this document is found here <http://pismobeach.org/DocumentCenter/View/6615/Parcel-Map-Checklist?bidId=>

Collaboration with planning staff is very encouraged during this time. The application fee for a Tentative Tract Map Review will cost \$ 7,702 and the Final Tract Map Application will cost \$ 7,435. Once submitted a CEQA initial study, at minimum, will be required when creating a subdivision tract map. Shown on the next page is a timeline of the submittal process.

Chapter 3

2.2 Public Improvements

Development of the project site will require the developer to include public improvements. Public Improvements can include things like sidewalks, sewers, streets, and much more. The developer must first determine the public improvements necessary for the development site. Once determined, the developer will be responsible for the creation of Public Improvements Plans by a certified civil engineer. These plans must be up to the city standards and be approved by the Pismo Beach Public Works Department, Engineering Division. Three sets of the plan are required to be given to the Public Works Department for review. No building plans will be approved until the public improvement plans are approved.

The Silver Shoals Development can offer a good understanding of some of the public improvements necessary for McNeal Bluffs. Silver Shoals Development was responsible for the following public improvements and plans:

- 1.Grading, drainage and erosion control.
- 2. Street paving, curb, gutter and sidewalk as determined necessary by the City Engineer.
- 3. Public utilities: Reclaimed/Recycled waterline, Sewer, Storm Drain.
- 4. City Park (lot 20) A. Maximize park improvements to the 100yr bluff retreat line. 10 foot wide meandering sidewalk and bike path to match up with existing bench and table locations to be approved by the Public Works Director.
- 5. Open Space, Signage, and Traffic

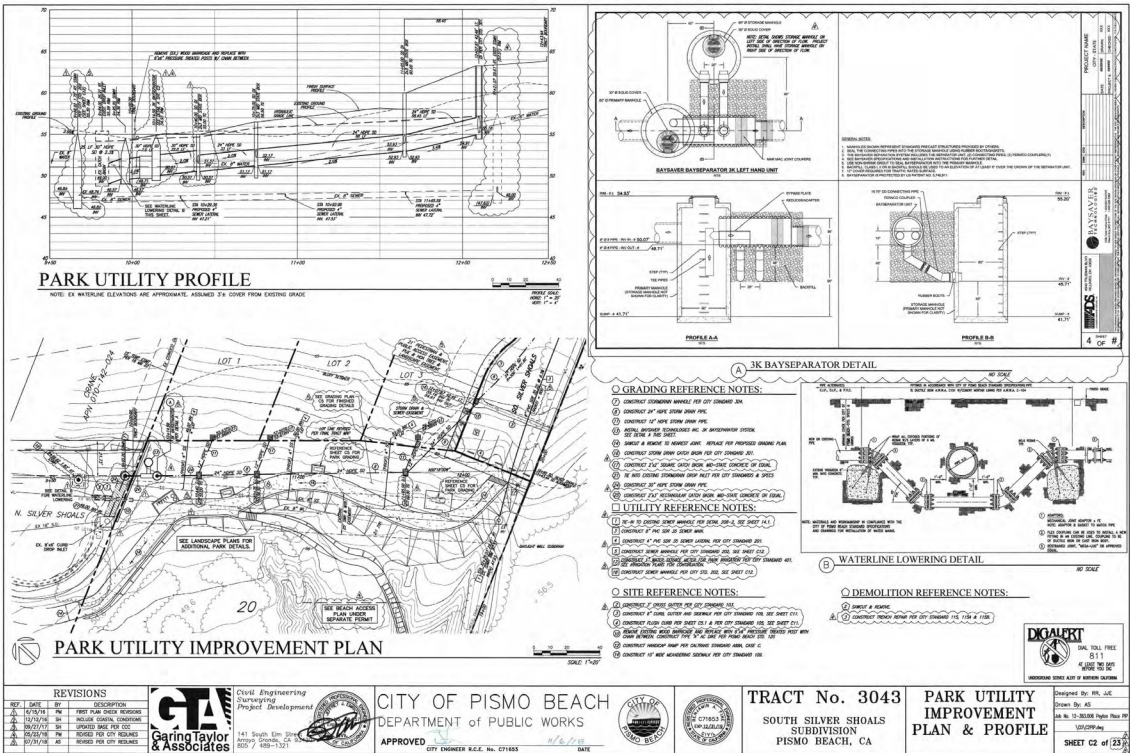


Figure 31: Silver Shoals Park Utility Improvement Plan



Figure 32: Silver Shoals Grading and Drainage Plan

Chapter 3

2.3 CEQA

The creation of a new subdivision tract map requires at minimum a CEQA initial study to be conducted on the possible impacts of a new development on the site and surrounding areas. An initial study will be conducted by either the City of Pismo Beach staff or consultant firm hired by the city. Given that, the developer is not off the hook and must provide studies and surveys for city staff to use within the initial study and pay a fee. The developer will be required to hire specific professionals to conduct listed studies and surveys, like a geological study, noise study, archaeological survey, etc.

Once the initial study is completed there will be a determination of the significant impacts that development will have on the site and surrounding areas. If there are no impacts to the environment then a negative declaration will be declared and the project will move forward into getting approved or denied. This is the best case for the developer. If there are many significant impacts a full Environmental Impact Report (E.I.R) will be necessary. The developer does not want that for it will be financially burdensome and time consuming. In a most likely scenario based on Silver Shoals Development there will be a small amount of impacts but not enough for a full E.I.R. In this case a Mitigated Negative Declaration (MDN) will be necessary. A Mitigated Negative Declaration is a negative declaration that incorporates mitigation measures in the proposed project that will avoid or mitigate impacts so that no significant impacts will occur. This will require changes to the tentative parcel map or additions to the tentative map that will then have to be re-submitted for review and approval after changes.

The Silver Shoals Development provides a reasonable example of the environmental factors that would be studied within an initial study.

The factors that were necessary for the project can be seen in the chart below.

<input checked="" type="checkbox"/>	Aesthetics	<input checked="" type="checkbox"/>	Hazards and Hazardous Materials	<input type="checkbox"/>	Public Services
<input type="checkbox"/>	Agriculture Resources	<input checked="" type="checkbox"/>	Hydrology and Water Quality	<input checked="" type="checkbox"/>	Recreation
<input checked="" type="checkbox"/>	Air Quality	<input type="checkbox"/>	Land Use and Planning	<input type="checkbox"/>	Transportation and Traffic
<input type="checkbox"/>	Biological Resources	<input type="checkbox"/>	Mineral Resources	<input type="checkbox"/>	Utilities and Service Systems
<input type="checkbox"/>	Cultural Resources	<input checked="" type="checkbox"/>	Noise	<input checked="" type="checkbox"/>	Mandatory Findings of Significance
<input checked="" type="checkbox"/>	Geology and Soils	<input type="checkbox"/>	Population and Housing		

Figure 33: Silver Shoals impact studies chart

As shown in the chart for the Initial Study for the development impact studies necessary were for the Aesthetics of the project, Hazards, Hydrology and Water Quality, Recreation, Air Quality, Noise, and Geology and Soils. The developer had to fund studies for each of these impacts and then give the study information to the City of Pismo Beach since they were the Lead Agency. Based off information from Jeff Oliveira, of Oliveira Environmental Consulting LLC who was the consultant who made the Initial Study and Mitigated Negative Declaration for the Silver Shoals Development, each individual impact study on average can be from three thousand to five thousand dollars. After the Initial Study from Silver Shoals a Mitigated Negative Declaration was necessary. A MND can cost on average ten to fifteen thousand dollars according to Oliviera. The Silver Shoals mitigation measures can be found in this document here: https://pismobeach.granicus.com/MetaViewer.php?view_id=8&clip_id=677&meta_id=58781

It is expected that a project on McNeal Bluffs would require similar mitigation measures and impact studies.

Chapter 3

2.4 Coastal Development Permit

During the application for the approval of the tentative tract map, the developer will also be applying for a Coastal Development Permit based on the design of the development. Collaboration with city planning staff and professional design firms is recommended and needed when designing a development this large. Approval of a Coastal Development Permit will require approval of the subdivision tract map. It will also require meeting the standards and codes in the 1983 Zoning Code, the Pismo Beach General Plan, and the South Palisades Specific Plan. The application for a Coastal Development Permit will cost \$ 6,523.

The requirements for a Coastal Development Plan permit will be found within the document linked here: <http://pismobeach.org/DocumentCenter/View/43044/PC-and-Staff-Submittal-Checklist?bidId=>

3b. Conditional Use Permit

A Conditional use permit is required for with the project. The conditional use permit will be approved through the approval of the other aspects of the application process.

2.5 Utilities

The developer is responsible for all the utilities on site. The utilities should extend to the boundaries of the project site. The Sewer System requirements are as follows:

1. The applicant must have a video inspection performed on the existing sewer line to confirm the condition and material, and provide the Public Works department with a copy of the video for review.
2. Applicant is responsible for all costs, materials and labor for the installation of a new sewer main and laterals.
3. Onsite sewer system shall be a private system to the point of connection with the City system in South Silver Shoals.

The Water System requirements are as follows:

1. Applicants are required to show the size of the proposed lateral and proposed water meter on the plans.
2. Applicant shall install a recycled waterline for landscape irrigation per the Direction of the City engineer.

the applicant is responsible for securing Public Utility signatures for proposed utility relocations. Utility comments shall be forwarded to the City Engineer for approval. All wire utilities located on the property and property frontages shall be located underground. Street lights shall be installed at locations approved by the City Engineer.

Regulatory Evaluation

Chapter 3

2.6 Application Fees

All fees included in this section will be represented in the Pro Forma within the Financial Analysis Section.

Tentative Tract Map Review Fee - \$ 7,702

Final Tract Map Review Fee - \$ 7,435

Coastal Development Permit Fee (Site Plan and Architectural Review) - \$ 6,523

CEQA Initial Study Fee - \$ 1,802 per study

Mitigated Negative Declaration - \$5,000 - \$10,000

Conditional Use Permit - \$ 4,088

Public Improvements Plan Check and Inspection Fee - \$ 40,000 to \$50,000

2.7 Building Permit Fees

The building permit fees in this section are based off the fees paid within the South Shoals Development Project. These fees may not reflect the fees prices and fees necessary for the McNeal Bluffs development project but can give a good estimate of the costs and fees needed. These fees are from 2019.

Single Family Home Building Permit Fees

Fees:		Total Cost
Description		
Building Permit (\$500,001-\$1,000,000)		7,152.80
Mechanical Permit		953.47
Plumbing Permit		953.47
Electrical Permit		953.47
SMIP Residential		87.45
Green Build Fee		27.00
Energy Fee		801.06
Storm Water Fee		1,072.92
General Plan Maintenance Fee		594.36
Plan Review		11,887.19
Laserfiche		356.62
State Water Supply - Single Family Residential		5,953.00
Impact - Single Family Residential		24,832.00
Impact - Recycled Water - Single Family Detached		9,395.00
Water Meter 1in w/shut off		419.00
Water Closets		600.00
Lavatories		250.00
Tub/Shower		300.00
Showers		100.00
Kitchen Sinks		200.00
Clothes Washer		150.00
Laundry Sinks		100.00
Total Fees:		67,138.81

Townhome Building Permit Fees

Fees:		Total Cost
Description		
Building Permit (\$250,001-\$500,000)		3,403.59
Mechanical Permit		453.70
Plumbing Permit		453.70
Electrical Permit		453.70
SMIP Residential		34.29
Green Build Fee		11.00
Energy Fee		381.18
Storm Water Fee		510.54
General Plan Maintenance Fee		238.23
Plan Review		5,656.41
Laserfiche		169.69
State Water Supply - Single Family Residential		11,060.00
Impact - Single Family Residential		11,797.00
Impact - Recycled Water - Single Family Detached		11,715.00
Residential Affordable Housing In Lieu Fee		13,187.15
Water Meter 1in w/shut off		440.00
Water Closets		450.00
Lavatories		250.00
Tub/Shower		100.00
Showers		100.00
Kitchen Sinks		100.00
Clothes Washer		150.00
Credit - Plan Review 25% Reduction for Plan Review - Same as B16-000572		-1,414.10
Total Fees:		59,701.08

Chapter 3

3. Coastal Commission

The coastal commission has the final say on the approval of any potential project on the site. It is important to understand that even if the Planning Commission and City Council of Pismo Beach approve a project the Coastal Commission can appeal this decision. If the Coastal Commission appeals a project they are able to suggest changes and not allow the project to go through without their expressed changes. A project being appealed by the Coastal Commission can kill a project or at least extend the time, money, and feasibility of a project. Keeping this in mind, creating projects that the coastal commission will be in favor of and complying with all standards and codes approved by the Coastal Commission is within the developers best interest.

In the case of the Silver Shoals Development the project got appealed to the Coastal Commission after being approved by the Pismo Beach City Council. The Coastal Commission required two major changes to the project. The first was to change the cul-de-sac that was part of the project in the effort to allow emergency vehicles and trucks easier access and mobility. The second was to change the orientation of the townhomes and cluster them to allow sight lines to the ocean. For the McNeal Bluffs project, with an existing roadway, the major concern would be sight lines to the ocean from the Coastal Commission.

4. Affordable Housing

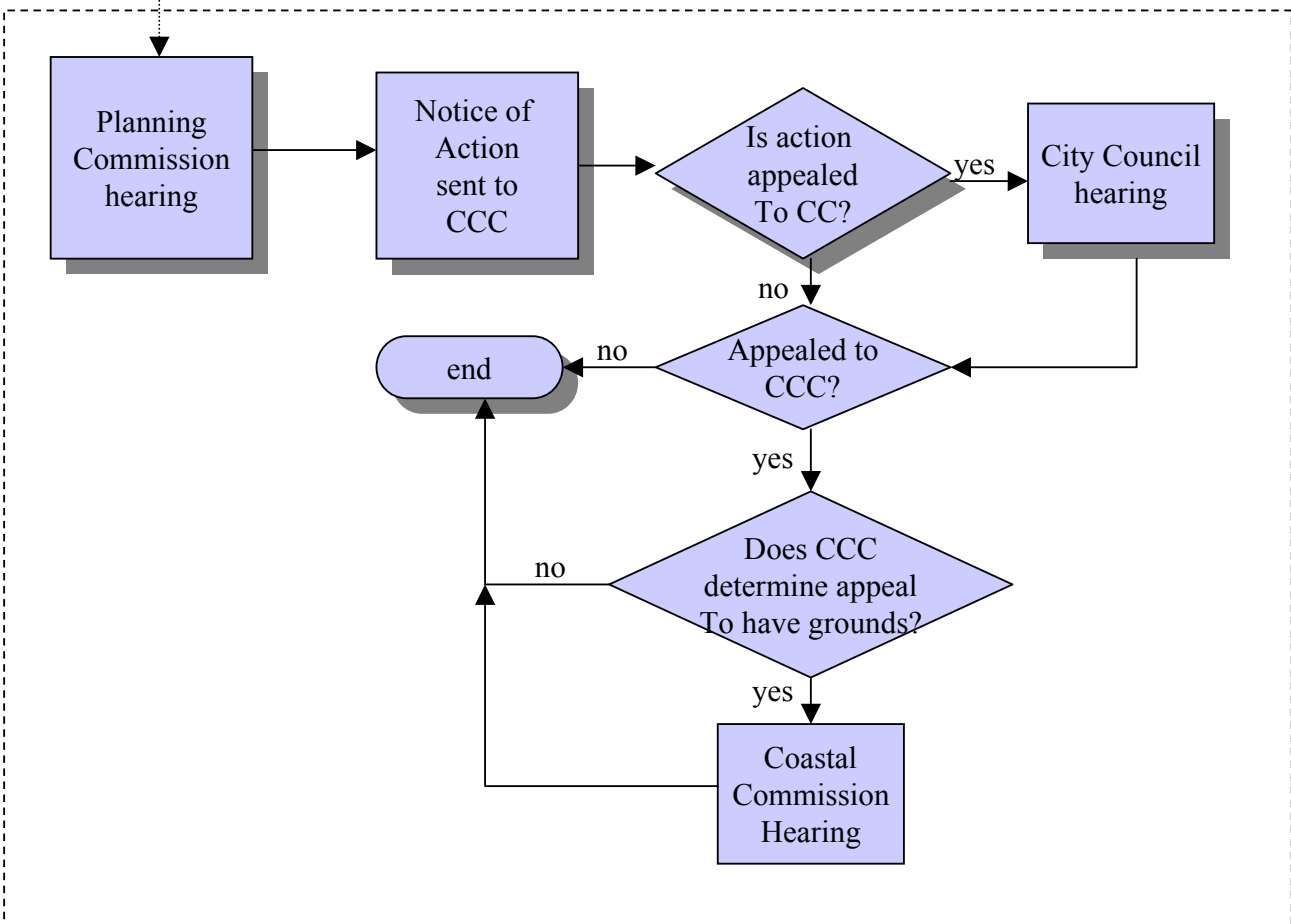
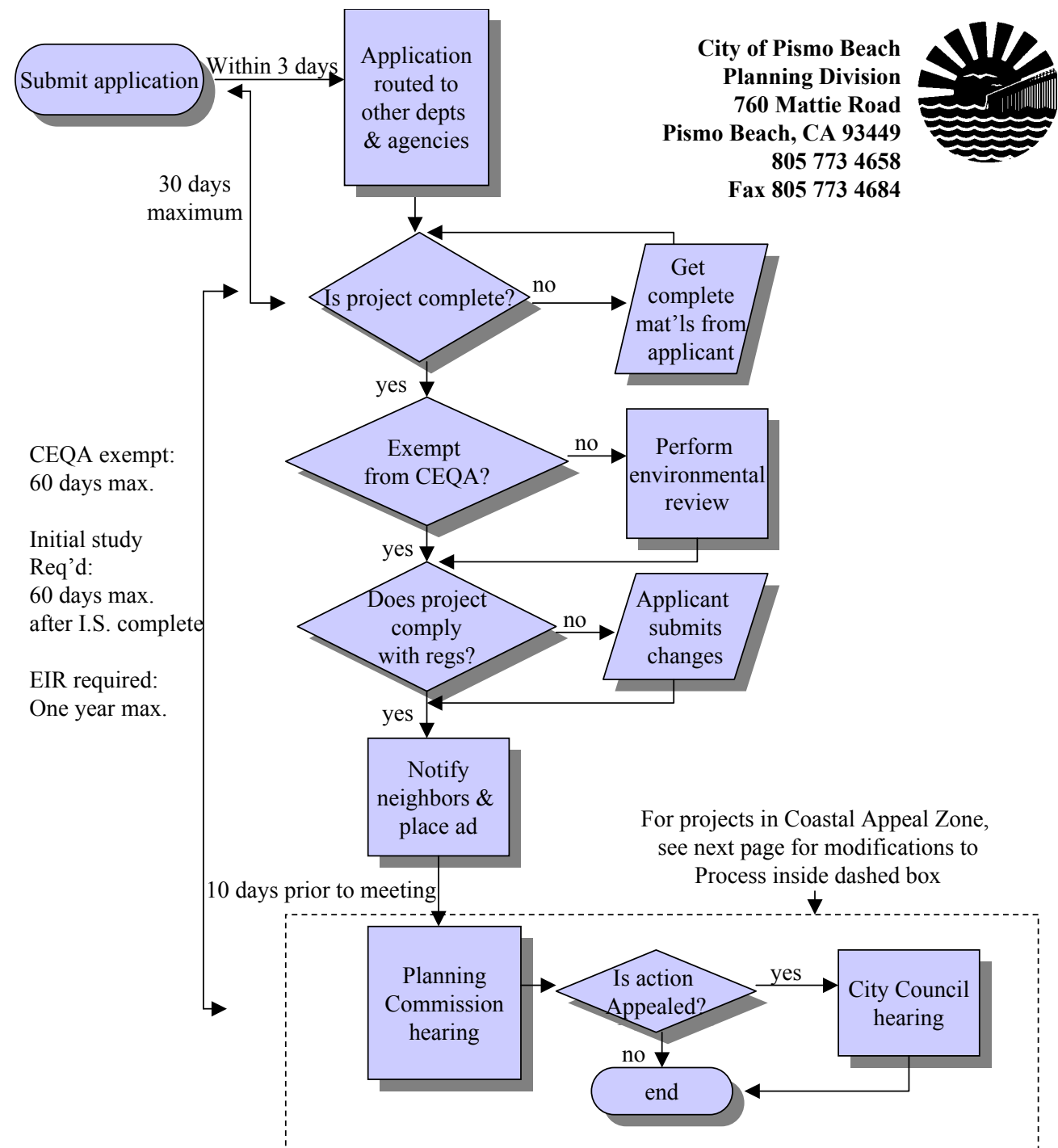
The state of California requires the creation of affordable housing within the City of Pismo Beach. In order for Pismo Beach to meet the demands of affordable housing required in their city three different methods are used for developers to contribute to affordable housing. The first is within new development projects the developer is required to build a certain amount of units affordable per the size of the development. The second is a developer grants a certain amount of land of a project site to a professional affordable housing company to create affordable housing. The third option is for the developer to pay in In-Lieu fee to the city for the city to put into an affordable housing fund to be used in the creation of affordable housing by the city. A typical In-Lieu ranges from 2% to 5% of the overall project worth.

Chapter 3

5. Political Considerations

There are many political considerations to take into account when it comes to developing a major housing project. In the case of the project site the most important aspect to acknowledge is the fact that the project site is within the Coastal Appeal Overlay Zone. This gives any resident or neighbor the ability to appeal the approval of any project to the Coastal Commission. It is important to keep this in mind when designing and conducting per-construction tasks for the project. Understanding the neighbors wants and designing a project that fits in with the neighborhood will be beneficial. Projects with differing aesthetics, unique design styles, and much higher density than the surrounding uses will more likely be appealed by neighboring residences. It is also important to note that neighboring residents and the community will be well informed of the project, at least 10 days before the project will be voted on for approval. All residents within 300 feet of the property will be notified, the property itself will have signage about the upcoming approval vote, and local news outlets will be notified of the vote. Creating a project that satisfies the community and does not draw a lot of attention will save the developer time, money, and headache by avoiding an appeal.

Application Submittal Time-line



Planning Commission Permits

Addendum: Projects in Coastal Appeal Zone

Market Analysis

Chapter 4

Chapter Summary

This chapter covers the real estate market analysis of the project. First the chapter covers the real estate market pertaining to San Luis Obispo County. Then covers Pismo Beaches current real estate market. Finally, the chapter will review two recently built and similar projects to a McNeal Bluffs project.

1. San Luis Obispo County

The San Luis Obispo County Housing Market Area (SLO HMA) is the housing market within the County of San Luis Obispo. Since 2000, most people moving to the HMA have come from Los Angeles, Orange, Santa Barbara, and Ventura Counties (Internal Revenue Service migration data), where home sales prices averaged approximately \$120,000 more than in the SLO HMA. (U.S HUD). Since 2000, the HMA has become notable for wine production, and the number of wineries in the SLO HMA has increased to approximately 220 now. The economic impact of the wine industry on the HMA was \$1.79 billion in 2007 (MKF Research LLC). The SLO HMA main employer is California Polytechnic State University. As a whole farming, government, and tourism are the three biggest employers for the housing market area. The SLO HMA sales housing market is balanced and has improved from soft conditions that began during 2008 and continued through 2012. The estimated sales vacancy rate is currently 1.0 percent in 2015. San Luis Obispo County has become a hotbed for retirement migration from Los Angeles and the Bay Area. San Luis Obispo County has over 25 percent of its population over the age of 60. It is ranked as the most expensive place to retire by realtor.com based on the criteria of having at least 25% of the population being over 60 years of age. The retirement market is a major market of interest for the project.

April-20 Median Sold Price of Existing Single-Family Homes						Sales	
State/Region/County	Apr-20	Mar-20	Apr-19	Price MTM% Chg	Price YTY% Chg	Sales MTM% Chg	Sales YTY% Chg
CA SFH (SAAR)	\$606,410	\$612,440	\$603,030	-1.0%	0.6%	-25.6%	-30.1%
CA Condo/Townhomes	\$488,000	\$495,000	\$470,000	-1.4%	3.8%	-34.8%	-40.9%
Los Angeles Metropolitan	\$550,000	\$556,250	\$536,450	-1.1%	2.5%	-21.2%	-30.9%
Central Coast	\$657,000	\$690,000	\$699,450	-4.8%	-6.1%	-22.1%	-31.6%
Central Valley	\$346,500	\$350,000	\$330,730	-1.0%	4.8%	-13.1%	-26.1%
Inland Empire	\$390,000	\$399,000	\$378,240	-2.3%	3.1%	-24.9%	-28.6%
S.F. Bay Area	\$980,000	\$1,009,790	\$988,000	-3.0%	-0.8%	-16.2%	-37.4%

Figure 34: Central Coast housing pricing versus the rest of California

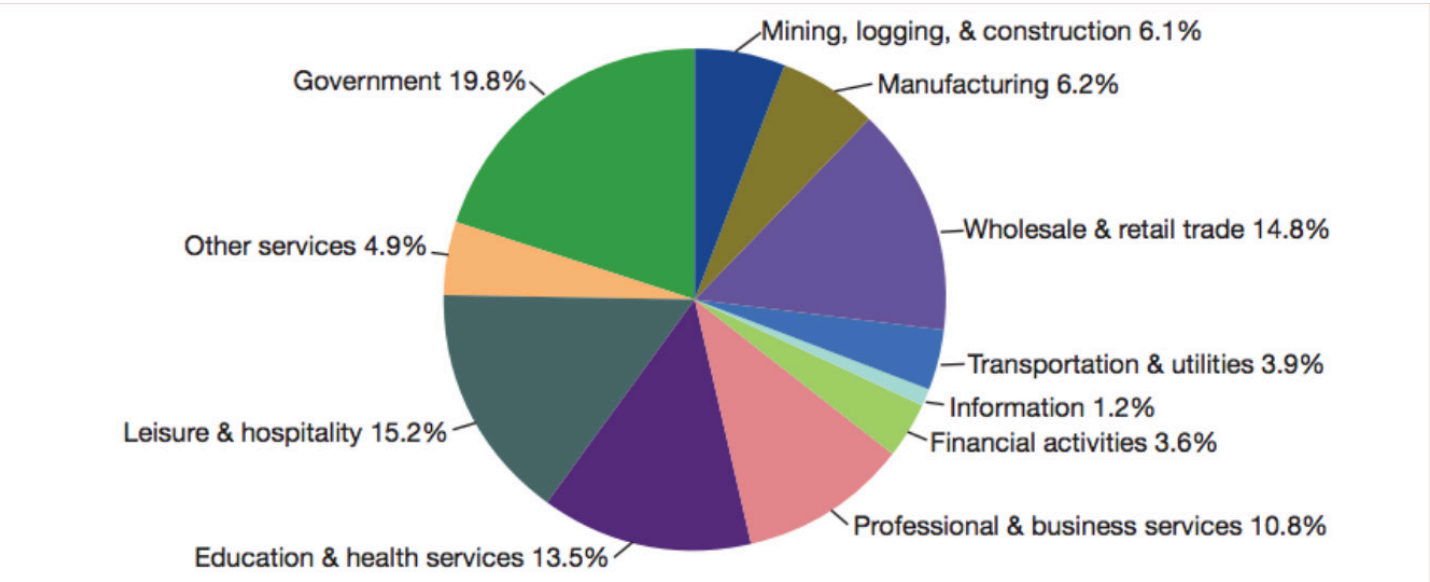


Figure 35: Non-farm San Luis Obispo County largest employers

2. Pismo Beach

Pismo Beach has a population of around 8,213 people in 2019. The median age for someone living in Pismo Beach is 54.9 years of age compared to California's median age of 36.5 years. Pismo is clearly a retirement community with over 30% of the population being over 65 years of age. The estimated median household income is around 80,000 dollars which is over 10,000 dollars more then the California median (US Census). The median household price in 2020 is 894,253 compared to the state as a whole whose median home price was \$509,400. The median list price per square foot in Pismo Beach is \$468, which is higher than the SLO HMA average of \$379. From 2014 to 2018 housing prices have increased 28% (Redfin.com). Pismo Beach and Shell Beach have an older population who are very affluent.

The housing stock in Pismo beach mainly contains single family homes accounting for 54.9% of all housing stock. Apartments, row-house, and duplexes account for 26% of the housing stock. The Housing stock in Pismo is aging with only 18.39 % of houses being built after 2000. Vacant lots and housing has been an issue facing Shell and Pismo Beach around 25% of the possible housing stock being left vacant. Vacant lots and homes can be a drag on the real estate market and lower housing prices below achievable levels if not vacant. Over the past year Pismo Beach has seen an appreciation rate in housing below the national average being around 1.96% (Neighborhoodscout.com).

3. Covid-19

With recent pandemic the Central Coast and California housing market has seen a major hit. California sales of homes has dropped in all housing types and pricing. Sales were at their lowest since 2008 in April 2020. Given the complications with the pandemic, waiting a period of time to see the effects on the housing market would be advised before starting the development approval process.

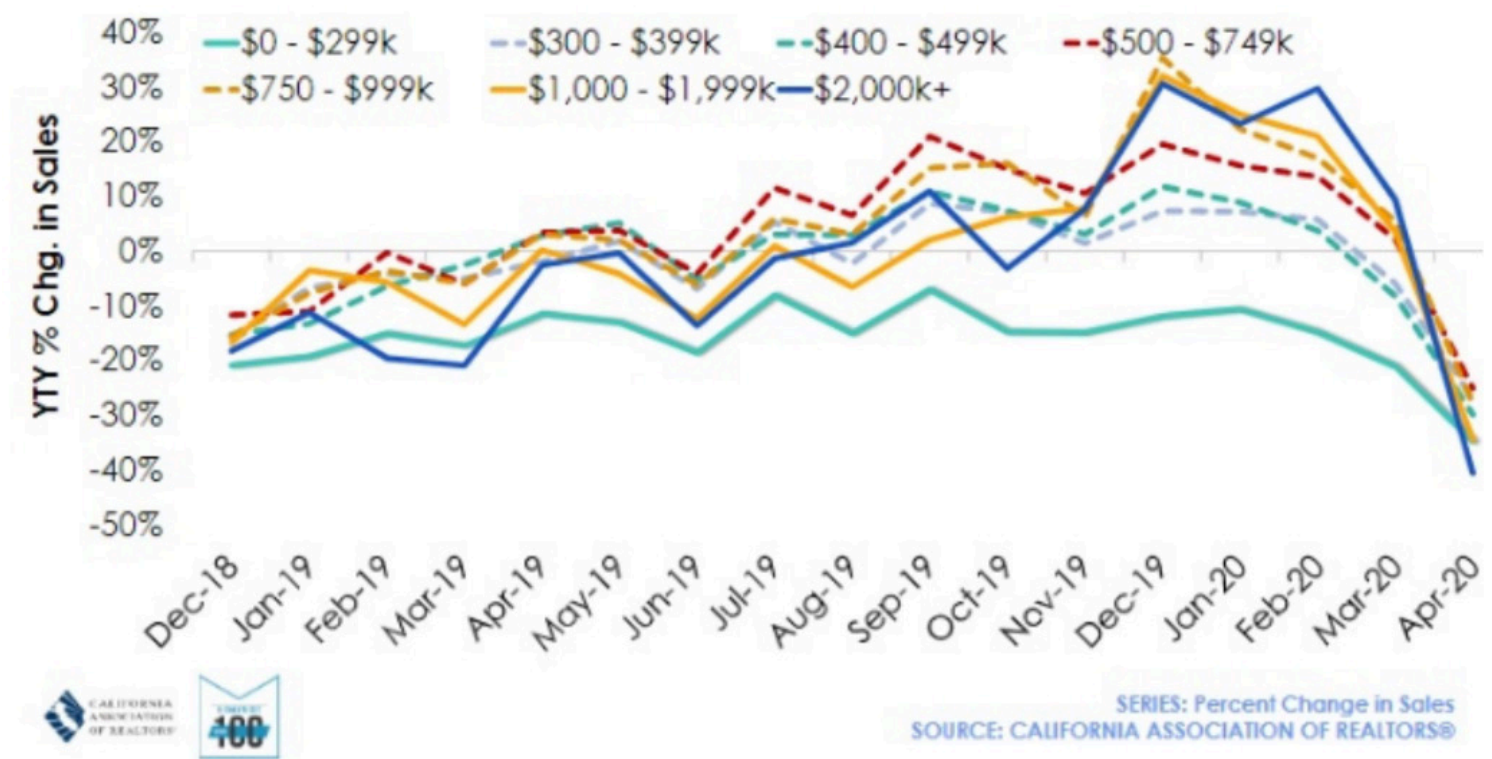


Figure 36: California home sales by month and price category

4. Comparable Projects

Within the South Palisades area of Pismo Beach there have been two major development projects approved. One has just started construction while the other is just finishing up. Both these projects contain both single family homes and multi-family townhomes. These projects are very comparable to the McNeal Bluffs project and can give valuable insight into what the Coastal Commission and City of Pismo Beach are willing to approve and can also provide inspiration for the project.

4.1 Silver Shoals Development

Silver Shoals Development is located within 500 feet of the development site. It is located on Shell Beach Road and the lot has a similar form as the development lot. It is within the South Palisades Specific Plan area and conforms to the same zoning and code standards required for the development site. Silver Shoals got approved in 2019 and has starting construction in the form of grading and infrastructure. The development contains single family homes and attached duplexes. The style is a Tucson/Mediterranean style. Renderings and plans were only available for the townhomes at this time but the development does have single family homes as well.



Figure 37: SSD Condo Site Plan



Figure 38: SSD condo renderings

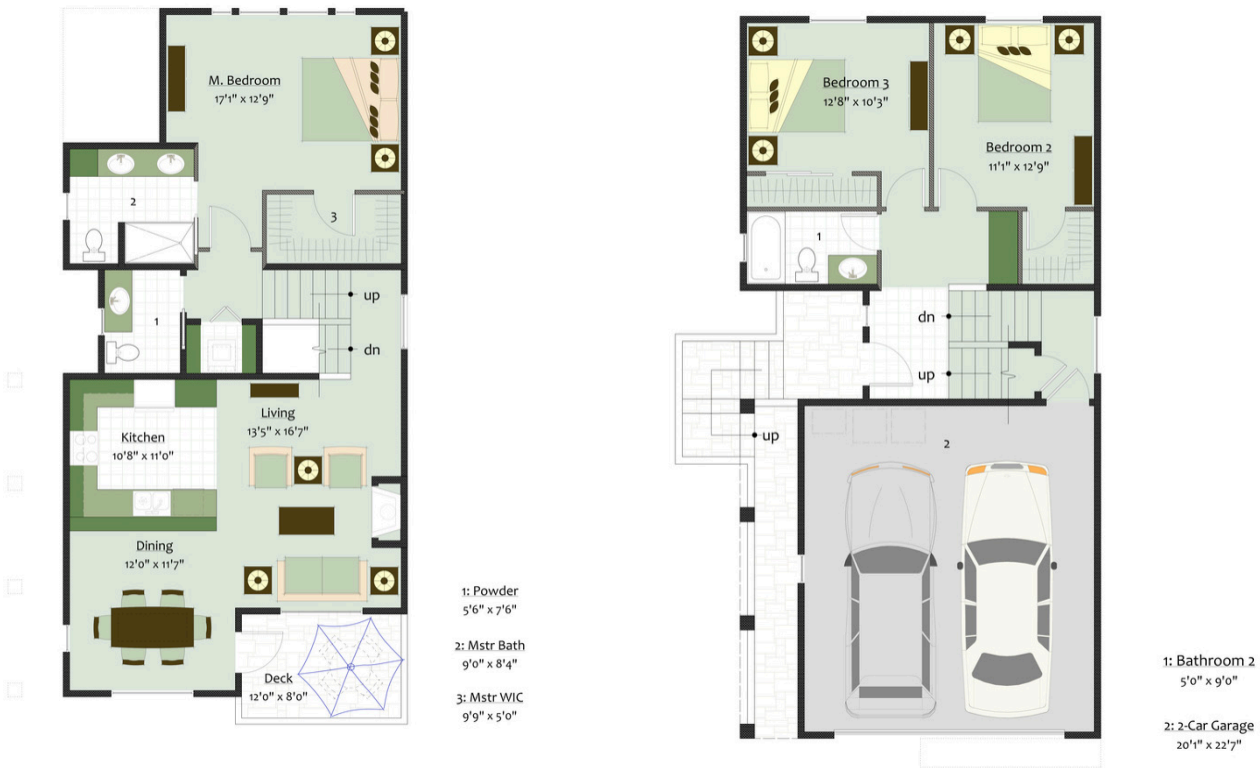


Figure 39: SSD Condo Floor Plans

4.2 Sunset Beach Estates

Sunset Beach Estates is located within 1,000 feet of the development site. It is located on Shell Beach Road and the lot has a similar form as the development lot. It is within the South Palisades Specific Plan area and conforms to the same zoning and code standards required for the development site. Sunset Beach Estates is almost completely constructed and started selling condos and homes within the past couple years. Like Silver Shoals it is a mixture of single family homes and condos. The condos are split into four units per building and there are a total of 8 units. The style home is Tucson/ Mediterranean.

Sunset Beach Estates 2 bed 2.5 bath Average Condo Sale Price: \$ 780,000 (2018)
Sunset Beach Estates 3 bed 3 bath SFH sale price: \$ 1,777,000 (2019)



Figure 40: SBE Site Plan not including condos



Figure 41: SBE SFH rendering, floor plan, and site location

Design Concept

Chapter 5

Design Concept

The design concept chapter is meant to show one possible concept design for the site. Further professional designing and planning will be needed to be completed to create a final design. The design concept for McNeal Bluffs is to create a contemporary spanish style development containing custom single family homes and condominiums. The development will compliment the existing neighborhood while still elevating itself from the neighboring developments. The units will be sleek, clean, and offer indoor/outdoor living. Outdoor patios and decking will be an essential part of all units. Views of the ocean will be possible from all units. The architecture style will stand the test of time while still offering modern feel and look. The project will be landscaped in native California drought tolerant plants that will increase the spanish revival California style feel. McNeal Bluffs will contain three different unit types, Townhomes, 5 Bedroom Single Family Homes, and 3 Bedroom Single Family Homes.

Design Contents

Townhomes

In total the design concept contains 15 townhomes in clusters of two and three within a building. The townhomes will be located closer towards Shell Beach Rd. then the single family homes. Each townhome contains an attached two car garage. Townhomes have both a first and second story deck to enjoy the year round weather. Townhomes are two bedroom two bathroom and oriented for retirees and as vacation homes. Expansive views of the ocean are possible from the upper deck of each townhome. SF = 1,800

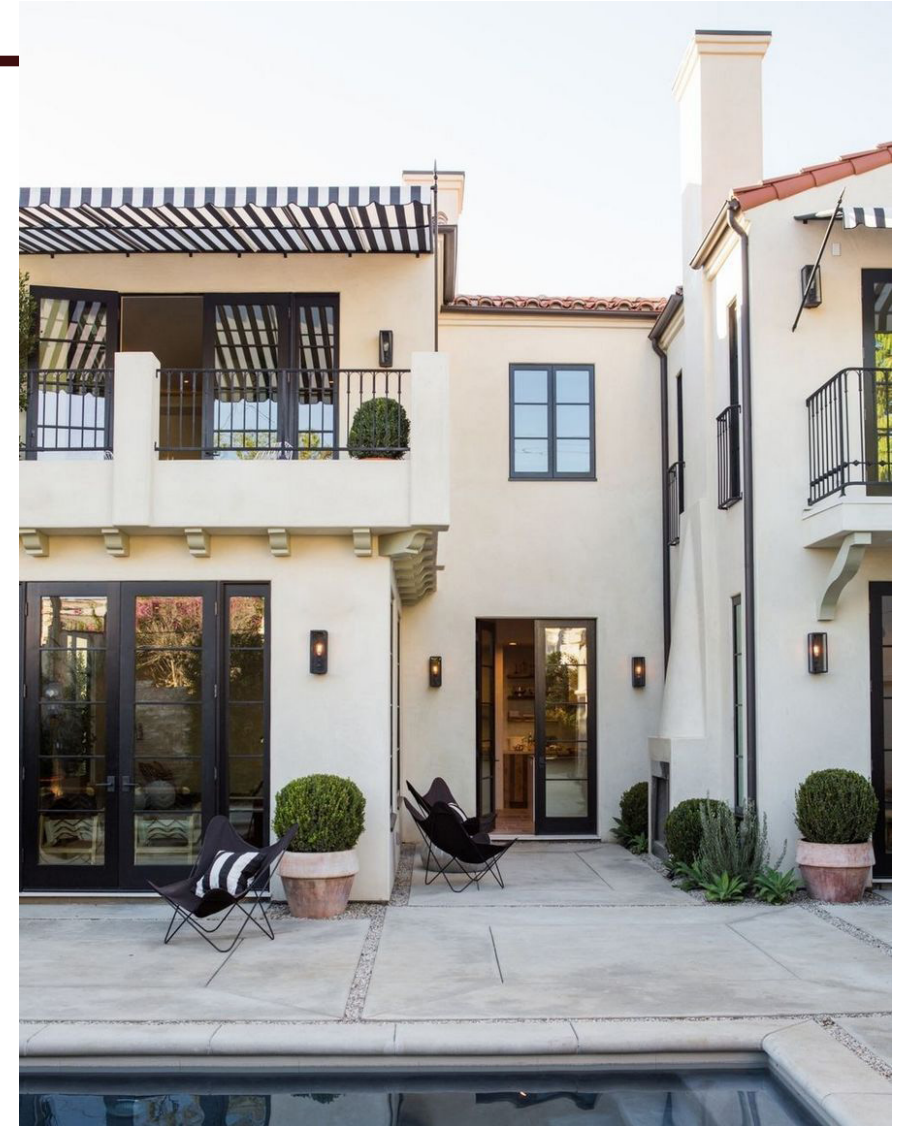
5 Bedroom Homes

In total the design concept contains four five bedroom homes. These homes are to be located in the middle of the project site between the town homes and the three bedroom homes located closest to the bluff. The homes are five bedrooms with three bathrooms. Considering the grading when entering the home one would actually be entering the second story as the living area with additional bedrooms being on the floor below. Homes have a shared a driveway with an immediate neighbor with a private attached two car garage. Homes contain large decks to enjoy the ocean views. SF = 4,200

4 Bedroom Homes

In total the design concept contains two four bedroom homes. These homes are four bedroom, three bath. These homes are located closest to the bluff within the project site. These homes are similar to the five bedroom homes but would only be one level because of the 15' height limitation on bluff adjacent homes. Homes have a shared driveway with an immediate neighbor with a private attached two car garage. Homes have large decks and outdoor space to take in the unhindered views of the bluff and ocean. SF= 3,200

Exterior Design Inspiration



Interior Design Inspiration

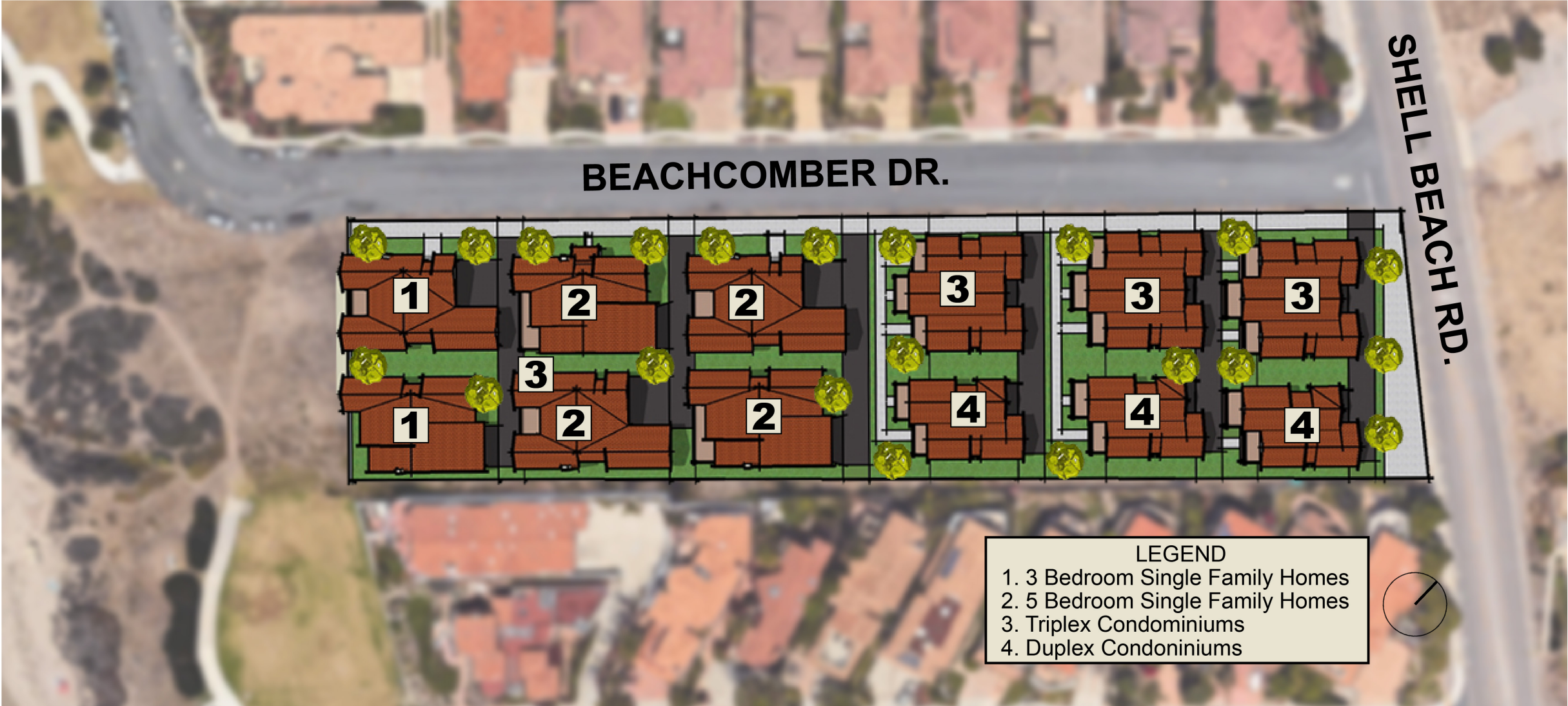


Concept Site Plan and Section Plane

SECTION PLANE



SITE PLAN



Concept Aerial View 1



Concept Aerial View 2



Concept Home Rendering



Concept Townhome Rendering



Financial Analysis

Chapter 6

Chapter 6

Chapter Summary

This chapter comes from the perspective of an the current owner of the project site. The financial analysis is based of an owner personally developing the project site.

The financial analysis chapter is meant to give an estimation of expenses, revenues, and profits associated with a development on the McNeal Bluffs Project Site. The estimation is done within a “Pro Forma” spreadsheet. A Pro Forma is meant to give a developer a preliminary financial assessment of the financial feasibility of a development. The Pro Forma in this chapter contains rough estimations and is not meant to be a complete financial assessment of the project but will give a rough assessment of the financial aspects of the McNeal Bluffs Project. The information within the Pro Forma is based on the Concept Development Design within Chapter 5 of this document. The Pro Forma is broken into three major sections with subsections within each. The three major sections are as follows A. Projected Development Revenue, B. Projected Development Expenses, and C. Economic Performance Analysis. This chapter will go step by step through each of the sections of the Pro Forma spreadsheet and provide information regarding the assumptions within the spreadsheet. The conclusions of the Pro Forma will be found on this page as well.

Financial Analysis Conclusions

Based on the Pro Forma a McNeal Bluffs Development would be highly lucrative. The owners of the site owning the site for so long allows there to be no high initial investment necessary to buy the land. This really increases the profits associated with this development. The beach front location of the site allows for the ability of the homes and townhomes within the project to sell at high prices well above the regional average. It is important to note that profits associated with this development are based on the 2019-2020 real estate market and with changes in the market homes could sell for less than estimated. Costs associated with homes on market for extended periods of time are not considered in this Financial Analysis. Below are the major project financial revenues and costs.

The projected net revenues from the sale of the homes and townhomes: **\$ 27,977,500**

The projected site, soft, and hard costs for construction of the site: **\$ 18,427,250**

The projected financing costs: **\$ 2,108,453**

Net Profit: **\$4,129,548** Percentage: **14.76 %**

Chapter 6

1. Projected Development Revenues

A. PROJECTED DEVELOPMENT REVENUE					
Type of Unit	Number of Units	Size of Units in SF	Projected Price	Total \$\$ Sales	Sales per SF
Enter number in each category					
Market Rate:					
Bluff Front 4 Bedrooms Homes	2	3,200	\$ 2,800,000	\$ 5,600,000.00	\$ 875.00
5 Bedroom Homes	4	4,200	\$ 2,400,000	\$ 9,600,000	\$ 571
2 Bedroom Town Homes	15	1,800	\$ 950,000	\$ 14,250,000	\$ 528
TOTAL UNITS AND TOTAL GROSS UNIT AREA:	21	50,200		\$ 29,450,000	
Less Broker Fees 5%				\$ (1,472,500)	
NET REVENUE				\$ 27,977,500	

The unit types of number of units are based on the Concept Design Plan from Chapter 5 of the document. Based on the design concept there will be two four bedroom homes on the bluff, four five bedroom homes in the middle section of the project site, and fifteen townhomes located at the back of the site. The square footage of these homes were based on the Concept Design Plan.

To estimate the projected price of each of the unit types, a combination of the price of neighboring homes sold in the last year, the price points of the homes in the neighboring projects like, Sunset Beach Estates, and the price per square foot in shell beach. The estimation of the homes sale prices was meant to be a conservative estimate with higher sale prices being possible. A 5% reduction in the overall revenues of the sale of the homes was given for brokerage fees to the real estate broker selling the homes. The net revenue for the sale of all the unites is \$ 27,977,500.

Chapter 6

2. Projected Development Expenses

B. PROJECTED DEVELOPMENT EXPENSES		
1. SITE COSTS	Total	Per Unit
Initial Land Price		\$ -
2. Soft Costs		
Architecture and Engineering fees 8%	\$ 1,209,200	\$ 80,613.33
CEQA and other Impact Studies	\$ 32,000	\$ 2,133.33
Marketing	\$ 50,000	\$ 3,333.33
Legal and Accounting	\$ 100,000	\$ 6,666.67
		\$ -
Permits and Fees		\$ -
Single Family Homes X 6	\$ 402,000	\$ 26,800.00
Condominiums X 15	\$ 750,000	\$ 50,000.00
Puplic improvement Plan Check fees	\$ 46,000	\$ 3,066.67
Affordable Housing In leui Fee	\$ 559,550	\$ 37,303.33
CEQA related fees	\$ 8,800	\$ 586.67
Tract Map fees	\$ 15,200	\$ 1,013.33
Coastal Development Permit	\$ 6,500	\$ 433.33
Conditional Use Permit	\$ 4,000	\$ 266.67
Public Improvement Review Fee	\$ 45,000	\$ 3,000.00
school fees - 3,000/unit	\$ 63,000	\$ 4,200.00
utility fees - 1,000/unit	\$ 21,000	\$ 1,400.00
TOTAL SOFT COSTS	\$ 3,312,250	\$ 220,816.67

2.1 Site Costs

The site costs for this project are considered zero. The project site was bought over forty-five years ago for a low cost. The site cost is considered zero because the owner is not trying to recuperate the loss of buying the property because it was so long ago and low priced.

2.2 Soft Costs

Soft costs are the costs not associated with the actual construction of the project. The soft costs assumptions were determined by a combination of industry estimation assumptions, estimations from industry professionals, and information provided by the City of Pismo Beach.

Architecture and Engineering Fees

This soft cost was based on an industry estimation assumption that roughly architecture and engineering fees will be around 8% of the price of a projects hard costs.

CEQA and Other Impact Studies

This soft cost was based on the number of impact studies necessary for the similar Silver Shoals project and the rough estimate of the price of each study being around \$ 4,000. This estimate was given by a industry professional Jeff Oliveria.

Marketing

This soft cost was based on a rough estimate for the marketing needed for a project of this size.

Legal and Accounting

This soft cost was based on a rough estimate for the legal and accounting fees needed for a project of this size.

Single Family Homes X 6

This soft cost was based on the cost of building permit fees that the comparable Silver Shoals Development payed per each single family home times the number of single family homes in the project.

Chapter 6

2.2 Soft Costs Continued

Townhomes X 6

This soft cost was based on the cost of building permit fees that the comparable Silver Shoals Development payed per each townhome times the number townhomes in the project.

Affordable Housing In Lieu Fees

This soft cost is based off a estimation that an affordable housing In lieu fee will be around 2-5% of the worth of the project.

Public Improvement Plan Check Fees to Public Improvement Review Fees

These soft cost is based on the fees laid out by the City of Pismo Beach and can be found on there website.

School Fees and Utility Fees

These soft cost are based off an industry standard to determine these fees. School fees are roughly 3,000 per unit and Utility fees are roughly 1000 per unit.

Chapter 6

2.3 Hard Costs

3. HARD COSTS			
ITEM	Area in SF	Cost/SF	Total Costs
Site Utilities + Lighting	allowance		\$ 500,000
Site Excavation and Grading	allowance		\$ 615,000
South Palisades Park Extension			\$ 500,000
Public Improvements			\$ 600,000
Subtotal Site and Parking Costs	0		\$ 2,215,000
Building Type V Wood Construction	Area in SF	Cost/SF or item	Total Costs
Total All Units - will load automatically	50,200	\$ 250	\$ 12,550,000
Subtotal Housing Costs	50,200	\$ 250	\$ 12,550,000
Landscaping			
Hardscape Elements	allowance	\$ 200,000	\$ 200,000
Softscape Elements	allowance	\$ 100,000	\$ 100,000
Irrigation and Drainage	allowance	\$ 50,000	\$ 50,000
Subtotal Landscaping Costs			\$ 350,000
TOTAL HARD COSTS			\$ 15,115,000
TOTAL ALL SITE+HARD+SOFT COSTS			\$ 18,427,250

Hard Costs are the costs that have to do with the construction of the project. The soft costs assumptions were determined by a combination of industry estimation assumptions, estimations from industry professionals, and information provided by the City of Pismo Beach.

Site Utilities and Lighting to Public Improvements

These hard costs are based off an industry estimation for the size of the project site.

Housing Costs

The hard costs for the construction of the homes is based off the San Luis Obispo county price per square-foot for construction. The price per square-foot in this section is slightly above the county average to account for it being a luxury product.

Landscaping

These hard costs are based off an industry estimation for the size of the project site.

Total Hard Costs: \$ 15,115,000

Chapter 6

2.4 Financing Costs

4. FINANCING COSTS					
ITEM	Percent	Amount	Annual Interest Rate	Months Needed	Total Amount
Total Site, Hard, and Soft Costs	100%	\$ 18,427,250			
Investor/Owner Capital	16%	\$ 3,000,000	8%	36	\$ 720,000
Owner/Developer			deferred payment		
Construction Loan (annual interest paidz)	84%	\$ 15,427,250	6%	18	\$ 1,388,453
TOTAL FINANCIAL COSTS	100%	\$ 18,427,250			\$ 2,108,453

Financing for a project of this scale will be necessary for the development of McNeal Bluffs. Before construction capital will need to be available for the soft costs and entitlement process. This capital will either have to be from the owner of the site or from outside investors. For outside investors a 8% interest rate is standard for the loan of capital from investors. In this proforma the initial capital will be raised from investors. \$ 720,000 in interest will be payed to the investors over three year loan. The loan amount of three million dollars is based of the soft costs with some extra.

For the construction of the project a construction loan will be necessary. A typical construction loan interest is around 6 % and will be over a 18 month period. The interest paid of the period will be \$ 1,388,453. The total financing costs will be around \$ 2,108,453.

2.5 Total Development Costs

5. TOTAL ALL DEVELOPMENT COSTS			
ITEM	TOTAL	PERCENT	COST PER UNIT
SITE COSTS		0.0%	\$ -
SOFT COSTS	\$ 3,312,250	13.9%	\$ 157,726.2
HARD COSTS	\$ 18,427,250	77.3%	\$ 877,488.1
FINANCING COSTS	\$ 2,108,453	8.8%	\$ 100,402.5
TOTAL ALL COSTS	\$ 23,847,953	100.0%	\$ 1,135,617

This is the combination of the soft costs, hard costs, and financing costs.

Chapter 6

1. Economic Performance Analysis

C. ECONOMIC PERFORMANCE ANALYSIS	
1. OVERALL PROFIT/LOSS	
NET REVENUE	\$ 27,977,500
NET EXPENSES	\$ 23,847,953
NET PROFIT	\$ 4,129,548
INVESTOR PROFIT 10% Share	\$ 412,955
OWNER/DEVLOPER PROFIT 70% Share	\$ 3,716,593
NET PROFIT/GROSS REVENUE	14.76%

The Economic Performance Analysis gives an overview of the Pro Forma and calculates the profits of the project. The net profit for the project has been calculated to be \$ 4,129,548. That is a 14.76% Net Profit/Gross Revenue.

Complete Pro Forma

A. PROJECTED DEVELOPMENT REVENUE					
Type of Unit	Number of Units	Size of Units in SF	Projected Price	Total \$\$ Sales	Sales per SF
Enter number in each category					
Market Rate:					
Bluff Front 4 Bedrooms Homes	2	3,200	\$ 2,800,000	\$ 5,600,000.00	\$ 875.00
5 Bedroom Homes	4	4,200	\$ 2,400,000	\$ 9,600,000	\$ 571
2 Bedroom Town Homes	15	1,800	\$ 950,000	\$ 14,250,000	\$ 528
TOTAL UNITS AND TOTAL GROSS UNIT AREA:	21	50,200		\$ 29,450,000	
Less Broker Fees 5%				\$ (1,472,500)	
NET REVENUE				\$ 27,977,500	

B. PROJECTED DEVELOPMENT EXPENSES		
1. SITE COSTS	Total	Per Unit
Initial Land Price		\$ -
2. Soft Costs		
Architecture and Engineering fees 8%	\$ 1,209,200	\$ 80,613.33
CEQA and other Impact Studies	\$ 32,000	\$ 2,133.33
Marketing	\$ 50,000	\$ 3,333.33
Legal and Accounting	\$ 100,000	\$ 6,666.67
Permits and Fees		\$ -
Single Family Homes X 6	\$ 402,000	\$ 26,800.00
Condominiums X 15	\$ 750,000	\$ 50,000.00
Puplic improvement Plan Check fees	\$ 46,000	\$ 3,066.67
Affordable Housing In leui Fee	\$ 559,550	\$ 37,303.33
CEQA related fees	\$ 8,800	\$ 586.67
Tract Map fees	\$ 15,200	\$ 1,013.33
Coastal Development Permit	\$ 6,500	\$ 433.33
Conditional Use Permit	\$ 4,000	\$ 266.67
Public Improvement Review Fee	\$ 45,000	\$ 3,000.00
school fees - 3,000/unit	\$ 63,000	\$ 4,200.00
utility fees - 1,000/unit	\$ 21,000	\$ 1,400.00
TOTAL SOFT COSTS	\$ 3,312,250	\$ 220,816.67

3. HARD COSTS			
ITEM	Area in SF	Cost/SF	Total Costs
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Site Excavation and Grading	allowance		\$ 615,000
South Palisades Park Extension			\$ 500,000
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C. ECONOMIC PERFORMANCE ANALYSIS	
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NET PROFIT	\$ 4,129,548
INVESTOR PROFIT 10% Share	\$ 412,955
OWNER/DEVLOPER PROFIT 70% Share	\$ 3,716,593
NET PROFIT/GROSS REVENUE	14.76%

The McNeal Bluffs project has a lot of potential to be a successful development project in the future. The project location is one of the best in the region and the state. The homes to be built on the site offer amazing combination of amenities and lifestyle. Although the regulatory environment is relatively challenging compared to other areas, with patient and close attention to detail throughout the entitlement process, getting the project approved in a time and cost effective manner will be possible. The future homes to be developed on the site with the right marketing and real estate market will be sold quickly and for top dollar. The project site offers many opportunities for a development but a mixture of single family home and townhomes offers a successful design for the site. The financial gains possible as seen through the Pro Forma based on the information possible at the time of this report, the project appears to pencil out and could return a net profit to the developer.

This Senior Project has been one of the greatest learning experiences I have had through out my college career. Putting myself in the perspective of a property developer on a large scale project showed me the complexity and hardworking necessary to develop property. It allowed me to understand the entitlement process much deeper than I was able to through my course work at Cal Poly. Although I learned so much through this project, it was possible through the culmination of many of the things that I have learned through the City and Regional Planning Major and Real Property Development Minor at Cal Poly. Whether it be the creation of professional documents, research skills, financial analysis, marketing, real estate development principals, city regulations, and much more they were all learned from the great courses and professors here at Cal Poly. Thank you.

Conclusion

Chapter 7

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