

602 W 75th St
Los Angeles, CA 90044

LYONSTRAHL
INVESTMENT REAL ESTATE



Offering Memorandum

16 Unit Apartment Building

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Section 1

The Opportunity

EXECUTIVE SUMMARY

Part of a Portfolio! 602 W 75th is a unique 16 unit apartment offering with excellent day one cash flow.

Part of a Portfolio! Can be sold individually or as a portfolio. 602 W 75th is a 16 unit apartment building in South LA, south of Florence, between Vermont and the 110 Freeway. The subject property offers an investor a great unit mix consisting of (11) 1 Bed / 1 Bath, (4) 2 Bed / 1 Bath, and (1) 3 Bed / 1 Bath. There is excellent day 1 cash flow being offered at a 9.16% cap rate and 6.66 GRM. The total gross leasable area of the building is 10,032 square feet and sits on a 7,002 square foot lot zoned LAR3.

Highlights:

- Excellent current cap rate offering investor cash flow day with a 9.16% cap rate and a 6.66 GRM.
- Great unit mix consisting of (11) 1 Bed / 1 Bath, (4) 2 Bed / 1 Bath, (1) 3 Bed / 1 Bath spread out over 10,032 square feet
- Strategically located in an area that has seen growth and is located in close proximity to the major business hubs of Los Angeles





Section 2

The Property

PROPERTY OVERVIEW



PROPERTY DETAILS

No. of Units	16 Unit
Year Built	1929
Rentable SF	10,032
Lot Area	7,002
APN	6020-021-005
Zoning	LAR3
Rent Control	LA RSO
Roof Type	Pitched
Unit Mix	(11) 1 Bed / 1 Bath (4) 2 Bed / 1 Bath (1) 3 Bed / 1 Bath
Utilities	Separately Metered

PROPERTY DESCRIPTION

The subject property is a 16 unit apartment building located in the South Los Angeles submarket, on 75th St west of Figueroa and east of Hoover south of Florence Ave. The two story, center hallway apartment buildings is wood frame stucco construction on a 10,032 square foot lot. The zoning for the lot is LAR3. The building was built in 1929 and the units

are subject to LARSO. The unit mix consists of (11) 1 Bed / 1 Bath, (4) 2 Bed / 1 Bath, and (1) 3 Bed / 1 Bath. The building is secured by a gate. The front of the property offers a private landscaped space secured with a front gate.

PARCEL MAP

0020 21
SCALE 1" = 60'

1996

212

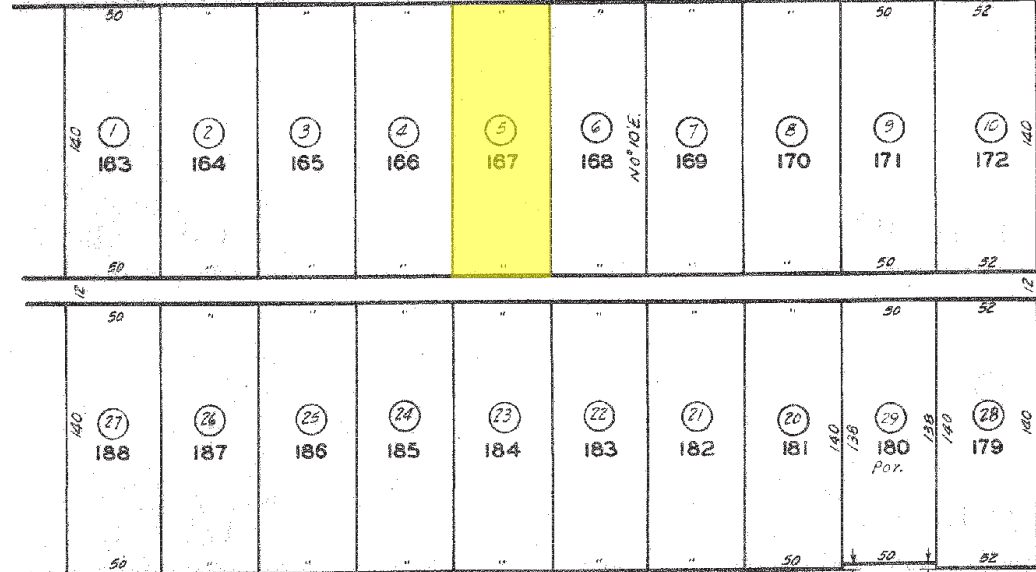
6660

92051205 002001-09
960223

75TH

ST.

N 89° 46' E



76TH

ST.

FIGUEROA BOULEVARD TRACT
M.B. 10-132

CODE
212
6660

FOR PREV. ASSM'T. SEE: 204-19

ASSESSOR'S MAP

PROPERTY PHOTOS



PROPERTY PHOTOS

602
W. 75TH ST



602
W. 75TH ST





Section 3

The Financials

RENT ROLL

Unit No.	Unit Type	Unit SF	Monthly Rent	Rent/SF	PF Rent	PF Rent/SF
1	2 Bed / 1 Bath	700	\$2,449	\$3.50	\$2,795	\$3.99
2	1 Bed / 1 Bath	575	\$1,068	\$1.86	\$2,195	\$3.82
3	1 Bed / 1 Bath	575	\$2,195	\$3.82	\$2,195	\$3.82
4	1 Bed / 1 Bath	575	\$1,048	\$1.82	\$2,195	\$3.82
5	2 Bed / 1 Bath	700	\$2,504	\$3.58	\$2,795	\$3.99
6	1 Bed / 1 Bath	575	\$2,411	\$4.19	\$2,195	\$3.82
7	2 Bed / 1 Bath	700	\$2,397	\$3.42	\$2,795	\$3.99
8	1 Bed / 1 Bath	575	\$2,254	\$3.92	\$2,195	\$3.82
9	2 Bed / 1 Bath	700	\$2,454	\$3.51	\$2,795	\$3.99
10	1 Bed / 1 Bath	575	\$2,411	\$4.19	\$2,195	\$3.82
11	1 Bed / 1 Bath	575	\$1,738	\$3.02	\$2,195	\$3.82
12	1 Bed / 1 Bath	575	\$1,906	\$3.32	\$2,195	\$3.82
13	3 Bed / 1 Bath	905	\$2,892	\$3.20	\$3,195	\$3.53
14	1 Bed / 1 Bath	575	\$2,195	\$3.82	\$2,195	\$3.82
15	1 Bed / 1 Bath	575	\$2,195	\$3.82	\$2,195	\$3.82
16	1 Bed / 1 Bath	575	\$1,035	\$1.80	\$2,195	\$3.82
TOTAL		10,030	\$33,156		\$38,520	

FINANCIAL SUMMARY

Price **\$2,650,000**

Down (25%)	\$662,500
Price/Unit	\$165,625
Price/SF	\$264
Cap Rate	9.16%
Proforma Cap Rate	11.36%
GRM	6.66
Proforma GRM	5.73

Property

Address	602 W 75th St
City	Los Angeles
State	CA
Zip	90044
No. of Units	16
Net Rentable Sq. Ft.	10,032
Lot Size	7,002
Zoning	LA R3
APN	6020-021-005
Year Built	1929

Financing

Loan Amount	\$1,987,500
Interest Rate	6.25%
Monthly Payment	(\$12,237)
Loan-to-Value	75%
Debt Cover Ratio	30
Term	5 Year Fixed

Operating Data

		Current		Proforma
Base Rental Income		\$397,873		\$462,240
Gross Potential Income		\$397,873		\$462,240
Less Vacancy	5%	\$19,894	5%	\$23,112
Effective Gross Income		\$377,979		\$439,128
Operating Expenses	36%	\$135,152	31%	\$138,209
Net Operating Income		\$242,828		\$300,919
Debt Service		-\$146,849		-\$146,849
Pre-Tax Cash Flow	14.49%	\$95,979	23.26%	\$154,070
Principal Reduction		-\$23,289		-\$23,289
Total Return Before Taxes	18.00%	\$119,269	26.77%	\$177,360

Expenses

Taxes (1.25%)	\$33,125	\$33,125
Insurance (\$2.00/SF)	\$20,064	\$20,064
Utilities(Actuals)	\$29,238	\$29,238
Repairs & Maintenance (\$750/Month)	\$12,000	\$12,000
Gardener (\$100/Month)	\$1,200	\$1,200
Reserves(\$200/Unit)	\$3,200	\$3,200
Management Fee (5.0%)	\$18,899	\$21,956
Onsite Management	\$5,500	\$5,500
Operating Expenses	\$135,152	\$138,209
Total Expenses per Unit	\$8,447	\$8,638
Total Expenses per square foot	\$13	\$14

Rent Roll Summary

Unit Mix	No. of Units	Average Rent	Monthly	Average Rent	Monthly
1 Bed / 1 Bath	11	\$1,860	\$20,458	\$2,195	\$24,145
2 Bed / 1 Bath	4	\$2,451	\$9,806	\$2,795	\$11,180
3 Bed / 1 Bath	1	\$2,892	\$2,892	\$3,195	\$3,195

SECTION 8 VOUCHER STANDARDS

Bedroom Size	Voucher Payment Standard
0	\$2,041
1	\$2,289
2	\$2,887
3	\$3,668
4	\$4,067
5	\$4,667
6	\$5,287

Voucher Payment Standards (VPS)

The Section 8 Department Voucher Payment Standard is the most the Housing Authority can pay to help a family with rent. The family's voucher will show the number of bedrooms authorized by the Housing Authority, based on the number of persons in the family.

The Housing Authority establishes Voucher Payment Standards (VPS) based on the Fair Market Rents, (FMR), which are established at least annually by the U.S. Department of Housing and Urban Development (HUD). The VPS is the maximum subsidy the Housing Authority can provide toward the contract rent (rent plus utility allowance for utilities, stove or refrigerator paid or provided by the tenant). If the contract rent (rent plus utility allowance) is more than the VPS, the family must make up the difference out of its own pocket.

The Housing Authority must use the SMALLER of the number of bedrooms in the rental unit or the number of bedrooms on the voucher to determine the VPS. For example, if a family locates a two-bedroom unit with a three-bedroom voucher, the two bedroom VPS must be used to calculate the tenant portion of the rent.

The following chart depicts the VPS for the Housing Authority of the City of Los Angeles (HACLA).



UNDERWRITING NOTES

INCOME

Income	Building is 87.5% occupied.
Vacancy	Vacancy Rate is 5% of Gross Rental Income.
Proforma	Market Rents based on Rent Analysis of Submarket Area.
Unit SF	Unit Square Footages are Estimated

EXPENSES

Property Tax Rate	1.25%
Insurance	Estimated \$2.00/sf
Utilities	Actual T-12
Repairs & Maintenance	Estimated annually \$750 per unit
Management Fee	5% of Effective Gross Income.
Gardener	\$100 per month
Reserves	\$200 per unit



Section 4

The Location

LOS ANGELES

Los Angeles officially the City of Los Angeles and often known by its initials L.A., is the most popular city in the United States, after New York City; and the third most populous city in North America, after Mexico City and New York City. With an estimated population of nearly four million people, Los Angeles is the cultural, financial, and commercial center of Southern California.

The city of Los Angeles holds many distinctions. L.A. is the entertainment capital of the world, a cultural mecca boasting more than 100 museums, many of them world-class, and a paradise of idyllic weather.

From tourist attractions like the Walk of Fame's collection of stars (numbering more than 2,614 and growing by one or two a month) to career opportunities like those presented in the expanding tech industry, Los Angeles is the place to be. Los Angeles is on the leading edge of several growth industries.

The Los Angeles Metropolitan area, with more than 23,000 art jobs, is the country's leading artistic center, surpassing the previous champion, New York. In other words, Los Angeles has both a larger concentration and an absolute number of artists than New York. The L.A. five-county area is also a major tech center, with more than 700,000 people at work on health services/biomedical activities and 190,000 people in aerospace.





SOFI STADIUM

The new home for the Los Angeles Chargers and Rams is currently the largest stadium in the NFL. Costing upwards of \$5 billion, the 3 million square foot is able to seat 70,240. The stadium will be home to the 2022 Super Bowl and the Summer Olympics in 2018.



INTUIT DOME

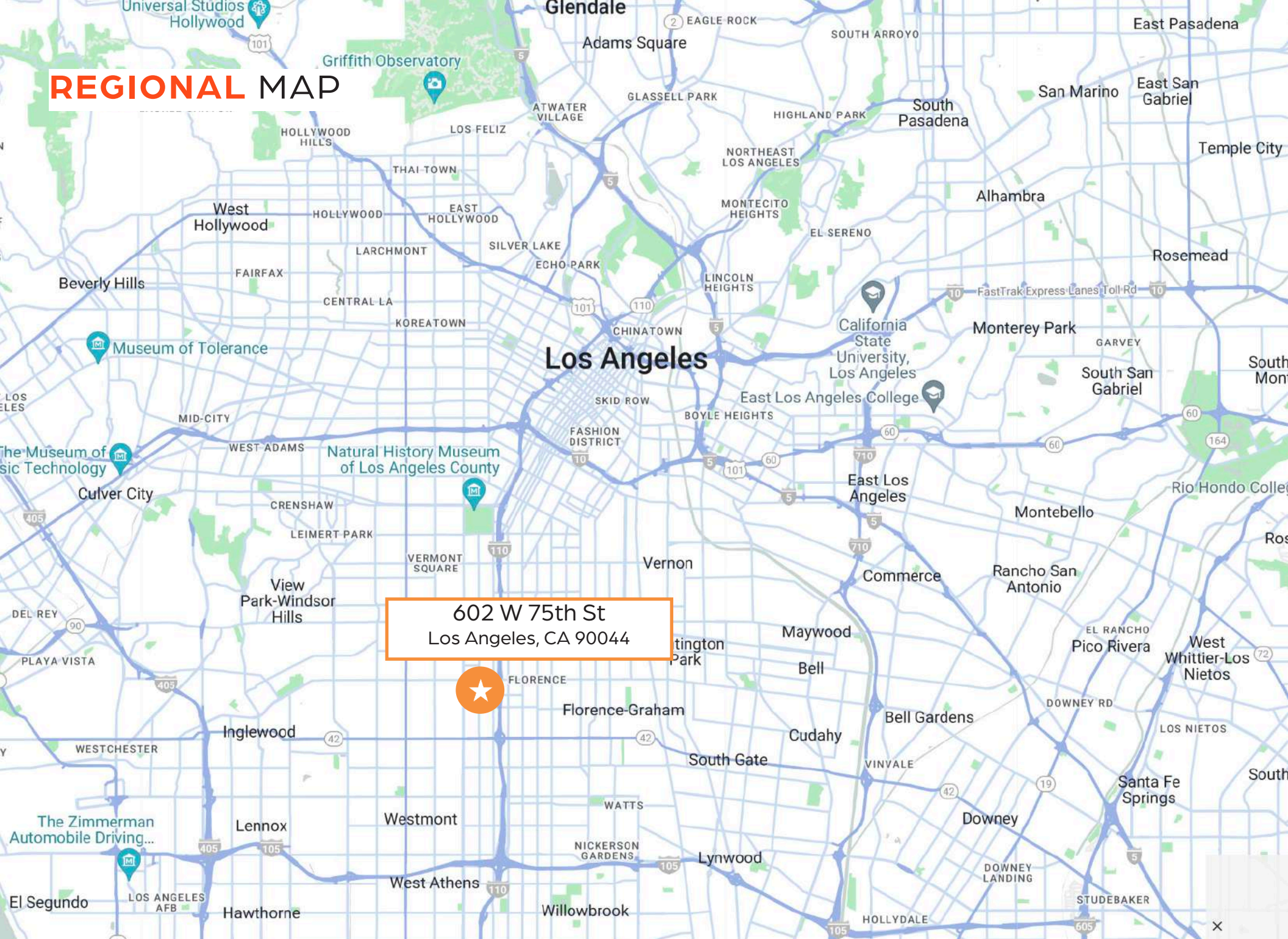
The NFL stadium isn't the only professional sporting area bound for Inglewood. The Los Angeles Clippers will move out to Downtown's L.A. Staples Center and into the South Los Angeles City. Construction the brand Intuit Dome broke ground in 2021, and should be ready for the 2023 season. The city released a document that spells out it would seat 18,000 fans and would be joined by a new practice facility, retail space, and outdoor plazas with basketball courts that are open to the public.



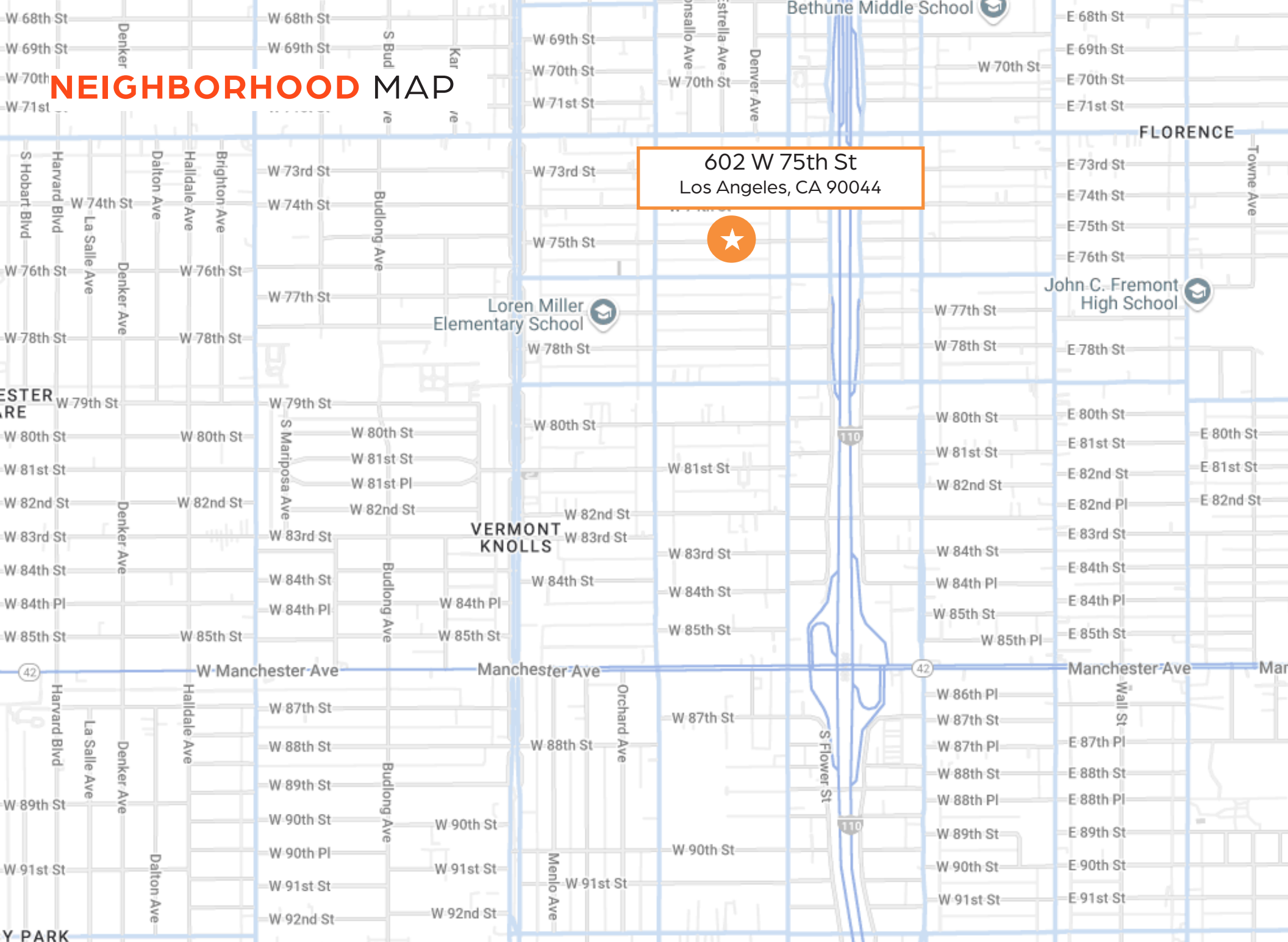
HOLLYWOOD PARK

Hollywood Park spans approximately 300 acres and is central to the Westside, South Bay and greater Los Angeles communities. Modern architecture, dramatic open space, and state-of-the-art technology differentiate the physical place. One end of the project is anchored by a 500,000 s.f retail and entertainment district that offers local and global fashions and flavors to deliver shopping, dining, recreation, entertainment and nightlife unlike any place else. This retail district is complimented by luxury apartments and best-in-class office campuses that offer great design and cutting-edge technology while prioritizing opportunities for social interaction.

REGIONAL MAP



NEIGHBORHOOD MAP



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