


Here is your 5-year **ROI projection for 5633 La Mirada Ave**, showing appreciation, equity gain, tax savings, and after-tax cash flow.

5633 La Mirada 5-Year ROI Projection								
	Year	Property Value (\$)	Rent Income (\$)	NOI (\$)	Tax Savings (\$)	Cash Flow After Tax	Equity Gain (\$)	Total ROI (\$)
1	1	1662960	116880	95880	17463	17599	475506	493105
2	2	1729478	120386	99386	16077	19719	554646	574366
3	3	1798658	123998	102998	14638	21892	637331	659224
4	4	1870604	127718	106718	13145	24119	723728	747848
5	5	1945428	131549	110549	11595	26401	814015	840416

Here's an analysis of **appreciation potential** for **5633 La Mirada Ave, Los Angeles, CA 90038**, based on location trends, historical growth, and zoning upside.


1. Historical Appreciation (Hollywood Area)

- The Hollywood submarket has historically shown **4–6% annual appreciation** over the last decade.
- Based on **Zillow and Redfin market data**, the area has **rebounded strongly post-pandemic**, driven by:
 - High rental demand
 - Limited supply of multi-family properties
 - Ongoing neighborhood revitalization

 If 5633 La Mirada appreciates at a **conservative 4% per year**, here's what the property value could look like:

Year Appreciation Rate Estimated Value

2025	—	\$1,599,000
2026	4%	\$1,662,960
2027	4%	\$1,729,478
2028	4%	\$1,798,657
2029	4%	\$1,870,603

 **Total 5-Year Gain:** ~\$271,603 (17% increase)

2. Zoning & Value-Add Potential

- Zoned **LAR3, TOC Tier 3**, which means:
 - Eligible for **density bonuses** under LA's Transit Oriented Communities program
 - Potential for future **redevelopment into higher density housing or apartments**
 - This zoning can **accelerate appreciation** beyond market averages if leveraged.
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3. Location Growth Drivers

- **Proximity to Paramount Studios**, Netflix offices, Sunset Gower Studios → employment centers
 - **Walkable neighborhood** with strong rental demand from entertainment and tech professionals
 - **Shortage of 3+ bedroom rental units** makes Unit 1's 4BR/4BA configuration rare and in-demand
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Investor Takeaway

Even with no major upgrades:

- A **4–5% appreciation rate is realistic**
- With strategic improvements or redevelopment under TOC incentives, appreciation could exceed **6–8% annually**

These tax benefits can significantly enhance the after-tax return on your investment in 5633 La Mirada Ave.

Key Tax Benefits

1. Depreciation Deduction

The IRS allows you to depreciate the building's value over 27.5 years for residential rental properties. Assuming 80% of the \$1.599 million purchase price is attributable to the building, that's approximately \$1.28 million. This results in an annual depreciation deduction of about **\$46,545**, which can significantly reduce taxable rental income.

2. Mortgage Interest Deduction

Interest paid on a mortgage for an income-producing property is tax-deductible. For instance, if you finance 75% of the purchase price (\$1.2 million) at a 7% interest rate, the first year's interest would be approximately **\$84,000**, which is deductible against rental income.

3. Operating Expense Deductions

You can deduct various operating expenses, including:

- Property management fees
- Repairs and maintenance
- Insurance premiums
- Utilities (if paid by the landlord)
- Legal and accounting fees

These deductions further reduce your taxable income from the property.

4. Property Tax Deduction

Property taxes are deductible as an expense on your Schedule E. For this property, with an estimated annual property tax of **\$20,000**, this amount can be deducted from your rental income.

5. Opportunity Zone Benefits

Since 5633 La Mirada Ave is located in a designated Opportunity Zone, investors may be eligible for additional tax incentives, such as deferral or reduction of capital gains taxes, when certain conditions are met. [LoopNet](#)

6. 1031 Exchange Eligibility

The seller is open to a 1031 exchange, allowing you to defer capital gains taxes by reinvesting proceeds from the sale of another investment property into this one.

Summary

Tax Benefit	Estimated Annual Deduction
Depreciation	\$46,545
Mortgage Interest	\$84,000
Operating Expenses	Variable
Property Taxes	\$20,000
Opportunity Zone Incentives	Varies
1031 Exchange	Capital gains deferral