Here's a comprehensive investment and tax benefit analysis for **158 N Edgemont St, Los Angeles, CA 90004**, a fully remodeled **3-unit multifamily property** comprising a duplex plus a newly built ADU.

📈 Investment Analysis

🔷 Rental Income

- **Unit 1 (Lower Duplex)**: $3,225/month
- **Unit 2 (Upper Duplex with Balcony)**: $3,480/month
- **Unit 3 (ADU)**: Estimated at $2,300/month
- **Total Monthly Income**: $9,005
- **Annual Gross Income**: $108,060
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🔷 Operating Expenses (Estimated)

- **Property Taxes**: $10,844/year
- **Insurance**: $2,500/year
- **Maintenance & Repairs**: $2,000/year
- **Property Management (8%)**: $8,448/year
- **Total Operating Expenses**: $20,658/year

🔷 Net Operating Income (NOI)

- **NOI**: $108,060 (Gross Income) - $20,658 (Expenses) = $87,403/year

🔷 Cap Rate

- **Cap Rate**: ($87,403 ÷ $1,499,000) × 100 ≈ 5.83%

📃 Tax Benefits

🔷 Depreciation

- **Depreciable Basis**: Assuming land value is 20%, building value is 80% of purchase price:
  - $1,499,000 × 80% = $1,199,200
- **Annual Depreciation**: $1,199,200 ÷ 27.5 years ≈ $43,605/year

🔷 Mortgage Interest Deduction

- **Loan Amount**: Assuming 25% down payment:
  - $1,499,000 × 75% = $1,124,250
- **Annual Interest (Approximate)**: $1,124,250 × 7% = $78,698

🔷 Other Deductible Expenses

- **Operating Expenses**: Property management fees, maintenance, insurance, and utilities are all tax-deductible.

🔷 1031 Exchange Eligibility

- This property qualifies for a 1031 exchange, allowing deferral of capital gains taxes upon sale if proceeds are reinvested in a like-kind property.

📊 Summary

Metric	Amount
Purchase Price	$1,499,000
Annual Gross Income	$108,060
Annual Operating Expenses	$20,658
Net Operating Income (NOI)	$87,403
Cap Rate	5.83%
Annual Depreciation	$43,605
Annual Interest Deduction	$78,698

📍 Neighborhood Highlights

- **Location**: Situated in the vibrant Koreatown area, known for its cultural diversity and proximity to Downtown LA.
- **Amenities**: Close to public transportation, shopping centers, restaurants, and entertainment venues.
- **Walkability**: High walk score, making it attractive to tenants seeking urban living.

This property offers a solid investment opportunity with a cap rate of approximately 5.83% and significant tax advantages through depreciation and interest deductions. Its prime location in a high-demand rental market further enhances its appeal.

Here is the **5-year pro forma projection** for **158 N Edgemont St**, including a **refinance in Year 3** and a **sale in Year 5**:

- 🔁 **Cash-out refinance in Year 3**: ~$163,269
- 💰 **Net sale proceeds in Year 5**: ~$514,489
- 📈 **Total profit at Year 5** (including cash flow + sale): ~$529,749
- ✅ Positive after-tax cash flow throughout the hold period

158 N Edgemont 5-Year Investment Pro Forma

	Year	Gross Income ($)	NOI ($)	Debt Service ($)	Tax Savings ($)	After-Tax Cash Flow	Outstanding Loan ($	Cash-Out Refi ($)	Sale Proceeds ($)	Total Profit
1	1	105600	81808	89756	18955	11007	1113192			
2	2	108768	84262	89756	17922	12428	1101359			
3	3	112031	86790	90985	16458	12263	1249521	163269		
4	4	115392	89394	90985	15335	13744	1233507			
5	5	118854	92076	90985	14169	15260	1216533		514489	529749