Comprehensive Property & Development Report

Property Address: 11400 S Hoover Street, Los Angeles, CA 90044
Prepared by: WestCity Realty & Lending Services

***Opportunity Zone 2.0 (Possibility) Financial Comparison Matrix**

This model assumes a standard investor reinvesting a $1,000,000 capital gain with an exit asset value of $2,500,000 after a 10-year hold. It utilizes a combined federal and state capital gains tax rate of 25%.

Tax & Capital Metric	Traditional Real Estate Investment	Standard QOF Investment (Urban Zone)	Enhanced QROF Investment (Hoover St Rural Eligible Zone)
Upfront Reinvestment	$1,000,000	$1,000,000	$1,000,000
Initial Capital Gains Tax	$250,000 (Paid immediately)	$0 (Deferred)	$0 (Deferred)
Substantial Improvement Test	Flexible	100% of property basis	50% of property basis (Cut in half!)
5-Year Basis Step-Up %	0%	10% Step-up	30% Step-up (Triple standard relief!)
Taxable Original Gain at Year 5	N/A (Already paid)	$900,000	$700,000
Year 5 Tax Liability Payment	$0	$225,000	$175,000 (Net $50k savings right here)
Post-Hold Exit Tax on $1.5M Growth	$375,000 (Owed at sale)	$0 (100% Excluded)	$0 (100% Excluded)
Total Lifetime Tax Paid	$625,000	$225,000	$175,000
Total Project Tax Savings	$0 (Baseline)	$400,000	$450,000 (+ Extra cap-ex liquidity)

1. Executive Summary

This report presents an exceptional infill development opportunity to acquire a prime parcel in South Los Angeles. Featuring favorable commercial mixed-use zoning, strong Transit Oriented Communities (TOC) potential, and eligibility for the newly permanent **Opportunity Zone 2.0 (OZ 2.0) Rural incentives**, this property provides an elite tier of tax shields alongside immense physical development scalability.

A savvy buyer can leverage overlapping local transit-oriented incentives and federal tax code adjustments to optimize both upfront cash efficiency and long-term exit yields.

Key Property Parameters

- **Address:** 11400 S Hoover Street, Los Angeles, CA 90044
- **Lot Size:** ~0.81 Acres (~35,283 Square Feet)
- **Zoning:** C2 – Commercial / Mixed-Use (City of Los Angeles)
- **Offering Type:** Fee simple land, development opportunity
- **Asking Price:** US$ 4,000,000
- **Annual Property Taxes:** US$ 2,970

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2. Federal Incentive Overlay: Opportunity Zone 2.0 (Rural Eligibility)

The federal Opportunity Zone 2.0 program permanently altered how real estate investments protect capital. Because this specific census tract satisfies the revised, population-capped definition of an eligible rural-designated area (communities under 50,000 population or distinct pockets insulated from massive contiguous cities), a sophisticated buyer deploying capital via a **Qualified Rural Opportunity Fund (QROF)** stands to achieve immense benefits.

Elite Tax Advantages of Rural OZ 2.0

- **Enhanced 30% Basis Step-Up:** Unlike urban census tracts that only capture a baseline 10% reduction under the permanent tax code, a QROF investing in a designated rural zone unlocks a massive **30% permanent reduction on the originally deferred capital gains** after maintaining a five-year investment holding period.
- **Halved Substantial Improvement Mandate (50% Threshold):** Under typical urban guidelines, a fund must double its initial property basis (100% improvement). The IRS Rural QOZ Guidelines slash this metric to **only 50% of the property's adjusted basis**. This means a buyer can qualify for maximum tax protections by investing a much lower capital dollar volume into physical upgrades or structural rehabilitations.

- **5-Year Rolling Tax Deferral:** Investors can cleanly defer taxes on external original capital gains injected into this project over a flexible five-year rolling window, avoiding the fixed-date cliffs of the older, sunsetted framework.
- **Permanent 100% Capital Gains Exclusion:** Holding the asset inside the QROF structure for 10 or more years ensures that all post-investment real estate appreciation is **100% tax-free upon exit**, driving massive risk-adjusted yields.

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3. Property Description & Site Analysis

The subject parcel consists of a flat, rectangular 0.81-acre site boasting excellent street frontage along Hoover Street.

- **Site Condition:** The lot is generally clear and ready for entitlement and development.
- **Layout Efficiency:** The rectangular configuration maximizes buildable area efficiency, providing optimal architectural flexibility to structure an urban mixed-use scheme.
- **Design Strategy:** The ideal configuration comprises ground-floor commercial or neighborhood-serving retail spaces paired with high-density upper-level residential housing, perfectly aligning with the economic improvement goals of the OZ program.

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4. TOC, Zoning, & Unit-Count Analysis

Zoning & TOC Framework

The property is zoned C2 (Commercial Mixed-Use) under the Los Angeles Municipal Code. Under the City of Los Angeles Transit Oriented Communities (TOC) program, its proximity to public transit lines qualifies the site for significant density and Floor Area Ratio (FAR) incentives. According to Tier 3 TOC guidelines, commercial zones can achieve an expanded Floor Area Ratio of up to **3.75:1 FAR**.

Baseline vs. Bonus Unit Calculations (Tier 3 Scenario)

The following conservative, illustrative scenario demonstrates the development scalability of the lot under the Tier 3 program:

1. **Total Lot Area:** ~35,283 sq ft (0.81 acres)
2. **Base Density Rate:** Based on recent project precedents, the C2/R4 base density allows 1 unit per 400 sq ft of land.

$$\text{Base Density Units} = 35{,}283\text{sf} \div 400\text{sf} \approx 88\text{units}$$

Base Density Units=35,283 sf÷400 sf≈**88** units

3. **TOC Density Bonus:** A Tier 3 bonus commonly allows a density increase of up to +70%.

$$\text{Bonus Units} = 88 \times 0.70 \approx 62\text{units}$$

Bonus Units=88×0.70≈**62** units

4. **Total Potential Units:** Combining the baseline and bonus yields a rounded total of **~150 units** (88 + 62 = 150).

Building Size Capacity & Parking Reductions

- **Total Buildable Floor Area:** Utilizing the 3.75:1 FAR limit on the 35,283 sq ft lot yields a maximum buildable area of **~132,311 square feet** (35,283 × 3.75).
- **TOC Parking Relief:** Under TOC Tier 3 guidelines, strict municipal residential parking mandates may be reduced down to **0.5 spaces per unit**. Minimizing the parking footprint eliminates costly subterranean or podium parking burdens, freeing up crucial square footage.

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5. Demographic & Market Overview

An evaluation of the 90044 ZIP code reveals strong core demand indicators for multifamily housing and neighborhood-scale commercial spaces. Data points are aggregated from the latest ACS / Census Bureau reports.

Metric Snapshot

Demographic Metric	Value / Estimate
Population (ZIP 90044)	~95,859 people
Population Density	~18,788 people / sq mi
Median Age	~32 years
Median Household Income	~$51,433
Per-Capita Income	~$20,972
Poverty Rate	~26.6% below the poverty line
Housing Units	~28,770 units
Owner-Occupancy Rate	~30% owner-occupied
Renter-Occupancy Rate	~70% renter-occupied
Median Home Value (Owner-Occupied)	~$588,200

Strategic Implications & Incentive Stacking

The combination of intense population density, a youthful median age (32 years), and a dominant 70% renter share points directly to long-term stability and high demand for localized multifamily rentals.

Incentive Stacking Concept: A truly savvy investor will stack municipal TOC bonuses with federal OZ 2.0 tax shelters. Incorporating dedicated affordable housing units satisfies local TOC mandates to unlock maximum physical build height and density, while the Qualified Rural Opportunity Fund simultaneously shields 30% of the investor's original gains and 100% of future property gains.

6. Contact Information

For underlying data room access, interactive pro forma models, or to schedule a formal physical site inspection, please contact the listing broker directly:

- **Broker Name:** Crystal West
- **Brokerage Firm:** WestCity Realty & Lending Services
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7. Legal Disclaimer & Non-Reliance Conditions

This Offering Memorandum (the "OM") has been compiled by WestCity Realty & Lending Services (the "Broker") solely to distribute preliminary informational materials to prospective purchasers regarding the real property located at 11400 S Hoover Street, Los Angeles, California (the "Property").

Scope of Use & Tax Advisory Disclaimer

This OM is intended strictly for general background evaluation purposes. It does not constitute an official binding offer to sell real estate, nor does it constitute an active solicitation of an offer to purchase the asset.

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