



# 3407 Tilden Ave, LA 90034

*a brief overview of the ground-up multifamily development opportunity in West Los Angeles*

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Entitlement & Unit Mix

PATH, Section 8, and Affordable Leasing

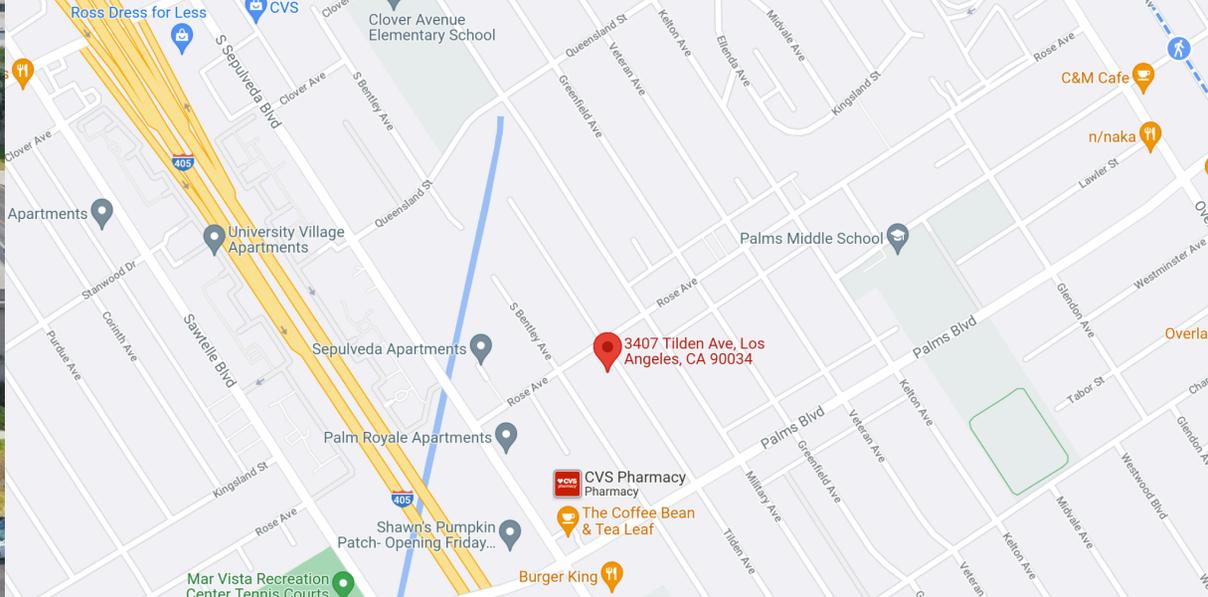
Projections

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*“Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.”*

*- Franklin D. Roosevelt,  
32nd President of the United States*



## Subject Overview - Current Property

**Address:** 3407 Tilden Ave, Los Angeles, CA 90034

**APN:** 4251-027-016

**Zoning:** R3-1 (Residential High Density)

**Lot Size:** 0.153ac / 6,649sf

**Yr Built:** 1941

**Unit Mix:** 2bd, 1ba, 905sf, 2 car garage

**Rents:** \$3,850/mo. (current) to be delivered Vacant.

Subject is defined as a single family residence of 905 SF with 2 bedrooms, 1 full bathroom, and 2 car garage. Proximal to major freeways and shopping, with easy access to Westwood, Culver City, Santa Monica, and LAX. The lot is zoned R3-1 for high density residential (multiunit).

Onsite inspection was not definitive. Asbestos remediation, GEO, and Survey will be necessary before plans can be drawn and completed for city submittal. Planned development is "by right" and carries no risk of denial at the city.

Current value is estimated at \$2,550,000 in current condition.

## Regional Map

Located within the desirable Westdale neighborhood of Los Angeles, and less than 2 miles from major employers such as Google, Apple, Amazon Studios, Kaiser Permanente, Sony Movie Studios and Music division, Epic Games, SnapChat, Beats Electronics, and Jam City. The subject is also conveniently located less than 1 mile from the Metro Exposition Line with access to Downtown Los Angeles.



## Additional Media

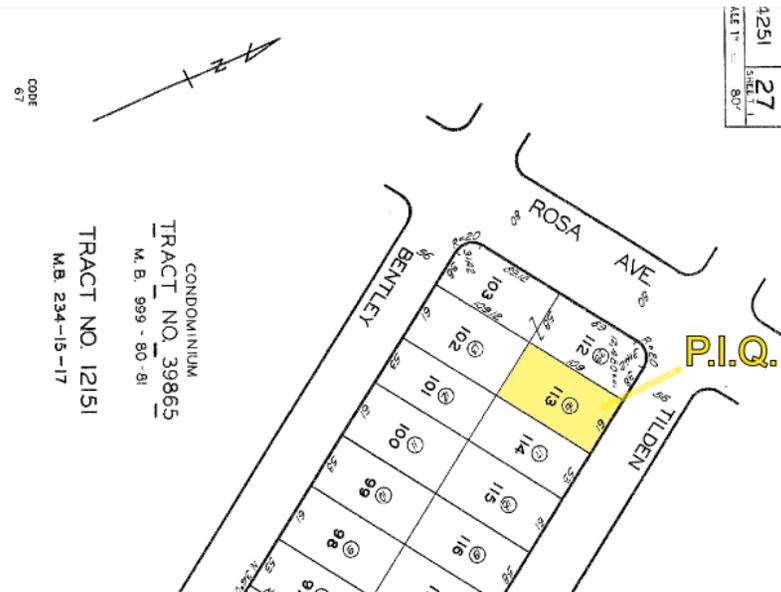


**Left:** Above aerial drone shot of the lot

**Below Left:** Elevated aerial drone shot of the lot from Tilden



**Below Right:** Tract Map with Property In Question highlighted





## The Opportunity

Subject property is located in a highly desirable West LA neighborhood and has been purchased through on-market sale for \$1,835,000. The lot is 6,649 SF of flat grade surrounded by similar multifamily and single family housing. The property is outdated and the existing development has drastically underutilized the lot. It's within walking distance of Trader Joes, Starbucks, and CVS.

An opportunity exists to raise \$3,150,000 in equity capital, along with \$5,900,000 in construction debt financing, to redevelop the parcel for profitable lease and hold utilizing a 100% affordable-rate unit market strategy to achieve reasonable returns for our investors.

**\$3,150,000**  
Equity Raise

**37.16%**  
Project Level IRR

## Summary

Tilden Apartments will be a 100% affordable, 25 unit, 5-story apartment building with simple Type-V wood frame construction over slab on grade. Due to the recent passing of Executive Directive 1 (ED 1), favoring 100% affordable projects in Los Angeles, our project benefits from expedited processing, clearances, and approvals through the ED1 Ministerial Approval Process, reducing timelines by nearly 90% and allowing for significantly higher density.

## PATH, Section 8, and Affordable Leasing

This project will develop 100% affordable housing and lease to tenants with Section 8 and other rent–subsidy housing vouchers. By partnering with established programs like LA’s Housing Authority and PATH’s LeaseUp, we will fulfill a vital social need in our local communities.

### Affordable Housing Shortfall

Los Angeles has over 58,000 subsidized housing units and vouchers at its disposal, but current published HUD data shows roughly 15%, or 8,700, Section 8 voucher–holders in Los Angeles went unplaced last year.

This presents a unique opportunity for build–to–rent housing providers to cater to a large untapped market for rent–subsidy lessees.

Source (<https://abc7.com/section-8-housing-city-of-los-angeles-hacla-public/13240363/>)

### PATH LeaseUp Program

The non–profit organization PATH provides a leasing service that partners with developers and property owners to fill vacancies with rent–subsidy voucher–holders.

The program has placed over 3,700 tenants in over 95 cities, and backed by the Los Angeles Homeless Services Authority (LAHSA), has become the go–to leasing service for over 5,300 property owners, service providers, and tenants countywide since launching in 2018.

See <https://leaseupla.org/>



## LA's Section 8 housing program plagued by unused vouchers, landlord rejections

By [Rob Hayes](#) and Grace Manthey

Monday, May 15, 2023



Este artículo se ofrece en [Español](#) →

LOS ANGELES (KABC) -- The ABC7 Eyewitness News investigative data team has found chronic, troubling failures of the federal Section 8 Housing Choice Voucher Program in Los Angeles leading to thousands of the vouchers going unused while the city's homelessness problem grows worse.

"I have seen people who have a voucher and they just can't use it, and so then they end up losing their voucher and they have to start all over," said Jazzmin Parson, who waited a year and a half for her Section 8 voucher.

Officials for the Housing Authority of the City of Los Angeles (HACLA) say the biggest problem they run into is a lack of landlords who will accept Section 8 residents.

"It is very challenging and tough for our tenants to connect with a landlord and find a unit," explained Carlos Van Natter, the director of Section 8 at HACLA. "The landlord is not required to accept a Section 8 voucher holder. We hope that they do and many of them do do that."

But not enough of them are. Our [data team found](#) that Los Angeles has more than 58,000 subsidized housing units and vouchers at its disposal. Of those homes and vouchers, 85% are being used. But the vast majority of those that are going unused are the Section 8 vouchers.

# GROUND UP - TILDEN APARTMENTS

**Equity Required: \$3,150,000**

**11,250**

Gross SF

**\$9.0M**

All in Costs

**\$12.6M**

Stabilized Value

**7.03%**

Cap Rate  
(at completion)

**25**

Units

**\$360k**

Per Unit

**\$507k**

Per Unit



## PROPOSED DEVELOPMENT

<b>ADDRESS</b>	3407 Tilden Ave, Los Angeles, CA 90034			
<b>DESCRIPTION</b>	A unique opportunity exists to develop 25 brand new 100% affordable low-income apartment units in a walkable West Los Angeles neighborhood by utilizing ED-1 ministerial approval process for reduced entitlement burden and expedited construction.			
<b>PROPERTY SIZE</b>	11,250 SF Livable	0 SF Parking	0.153 Acres	6,649 SF Lot
<b>APN</b>	4251-027-016	<b>ZONING</b>	R3-1	HUD Tier 2 Rents
<b>AREA PLANNING</b>	West Los Angeles	<b>City Council District</b>	CD 5 - Katy Young Yaroslavsky	
<b>Entitlements</b>	<ul style="list-style-type: none"> <li>• ED 1 Ministerial Approval</li> <li>• HUD Tier 2 Rents</li> <li>• 5-Story, Type V-A, Slab on Grade</li> </ul>			
<b>UNIT MIX</b>	<b>BED/BATH</b>	<b>AVG SF</b>	<b>RENT</b>	<b>RENT/SF</b>
20	1/1	450 SF	\$ 2,820	\$ 6.27
5	1/1	450 SF	\$ 3,200	\$ 7.11
<b>AMENITIES</b>	Elevator, Controlled Access, Common Areas			
<b>TOTALS</b>	25	11,250 SF	\$ 72,400	\$6.69 (avg)

## Projections & Project Phases

### PHASE I

#### Acquisition, Planning, and Entitlements.

Raise minimum \$3,150,000 in equity

Partner with Aero Collective, a renown local architect specializing in small to mid-size apartment developments, and our network of consultants, to entitle the project with the city of Los Angeles. Spec, source, and contract with suppliers and contractors to begin work.

Estimated 3-6 Months Duration

### PHASE II

#### Construction and Lease Up (Consider Sale)

Procure construction financing for \$5,850,000

By leveraging our significant network of subcontractors, tradesmen, and vendors, complete construction. Then, property lease-up will begin by contracting a professional management company specializing in small-size apartment building management. Consider sale if market conditions exceed expectations.

Estimated 16-18 Months Duration

### PHASE III

#### Hold, Manage Asset, Recapitalizing, and Disposition

Fully leased, recapitalize the project with low-income-rate commercial financing for 7 to 10 years.

Manage the asset in partnership with a local professional management company specializing in small-size apartment building management. Recapitalize the project as equity builds to reduce investor's risk by releasing initial investment.

Estimated 7 to 10 Years Duration

## Sources Schedule

		Approx Date	Equity	Debt	Total
<b>Phase I</b>	Acquisition & Entitlements	2023-09-30	\$ 1,000,000	\$ -	\$ 1,000,000
<b>Phase II</b>	Construction	2023-12-01	\$ 2,150,000	\$ 5,850,000	\$ 9,000,000
<b>Phase III</b>	Recap & Lease Up	2025-06-01	\$ 781,095	\$ 8,218,905	\$ 9,000,000

## Projected Cash Flow

Year			1	2	3	4	5	6	7	8	9	10
Net Cash Flow/IRR	11,706,111	37.16%	(2,439,474)	180,094	222,999	268,065	315,401	365,121	12,793,906	-	-	-
Return on Equity			4.43%	5.73%	7.09%	8.52%	10.03%	11.61%	13.27%			
Return-on-Cost			7.47%	7.93%	8.40%	8.91%	9.43%	9.99%	10.57%			
<b>Investor Summary</b>												
Initial Investment			(3,145,596)									
Preferred Return		6.00%	188,736	180,094	197,896	188,736	188,736	188,736	188,736	-	-	-
CF Split - Investors		50.00%	164,325	-	-	-	-	-	4,367,062	-	-	-
Return of Equity			-	-	-	-	-	-	3,145,596	-	-	-
<b>Total Investor CF</b>	<b>50.00%</b>	<b>5,853,056</b>	(2,792,535)	180,094	197,896	188,736	188,736	188,736	7,701,393	-	-	-
<b>Investor ROE</b>			11.22%	5.73%	6.29%	6.00%	6.00%	6.00%	144.83%			
<b>Investor IRR</b>		<b>22.67%</b>										

## Projected ROI

	Phase II	Phase II
	Construction	Lease Up through 7yrs
<b>Approx. Start Date</b>	2023-12-01	2025-06-01
<b>Purchase</b>	\$ 2,200,000	\$ -
<b>Equity</b>	\$ 3,150,000	\$ 781,095
<b>Debt</b>	\$ 5,850,000	\$ 8,218,905
<b>Total Sources</b>	\$ 9,000,000	\$ 9,000,000
<b>Timeline (Months)</b>	18 months	84 months
<b>Debt Cost</b>	\$ 507,792	\$ -
<b>Soft Cost</b>	\$ 594,000	\$ -
<b>Hard Cost</b>	\$ 5,118,750	\$ -
<b>Contingency</b>	\$ 566,875	\$ -
<b>Subtotal Cost</b>	\$ 6,787,417	\$ -
<b>Net Operating Income</b>	\$ -	\$ 2,461,788
<b>POTENTIAL Exit</b>	\$ 12,644,470	\$ 18,594,595
<b>Exit Net</b>	\$ 12,012,246	\$ 17,664,865
<b>Total Return</b>	\$ 3,024,829	\$ 8,114,407
<b>Cash on Cash</b>	96.03%	257.60%
<b>IRR</b>	64.02%	37.16%
<b>Investor Return</b>	\$ 1,512,415	\$ 5,853,056
<b>Investor Cash on Cash</b>	48.01%	128.80%
<b>Investor IRR</b>	32.01%	22.67%

Disclaimer: Past Performance is no guarantee of future return. The projections and forward looking statements herein are preliminary and offer no implied or explicit guarantee of return. Investment carries risk, including the risk of total loss of capital.

Consult your financial advisor and conduct your own independent research.

## THE DEVELOPMENT TEAM

### PDC Capital

PDC Capital is a Southern California based Real Estate Capital Development Firm specializing in Single Family Spec, Small Lot Subdivision, and value-add Multifamily development opportunities throughout Southern California. Founded by a veteran real estate expert with a track record of over 40 construction residential projects delivered to market.



### Paul D. Crane, Founder of PDC Capital

As a founder of PDC Capital, Mr. Crane heads the company's strategic product focus and specific market selection. Mr. Crane aims to fulfill the company's mission of providing its investors competitive risk-managed returns through strategic real estate private equity placement.

Mr. Crane is a real estate professional and entrepreneur with over ten years of asset management and development experience. Prior to starting PDC Capital, Mr. Crane consulted in Real Estate for a wealth management firm located in Irvine, CA. In these roles he repositioned nearly 300 distressed assets through short-sale, off-market, and bulk sale transactions, and brought over 35 new construction single family homes to market. He has raised nearly 23 MM in new capital and realized an average 14.25% IRR for his clients.

Consolidating his experience and partnerships, Mr. Crane helped form PDC Capital and now leverages his biggest strength: future market planning. By studying trends and financial forecasts in Los Angeles and Orange Counties, Mr. Crane is able to pinpoint desirable opportunities for his clients before a majority of industry professionals saturate the market.

Mr. Crane is a licensed real estate broker with over 16 years of real estate investment experience. He resides with his family in Orange, California.

## AERO Collective

AERO COLLECTIVE is a multi-faceted design practice that gathers unique creative talents to realize your vision. Our project types—including affordable housing, multifamily housing, cultural and civic facilities, office, restaurants & retail, and masterplanning—are purposefully diverse in order to drive creative curiosity, cross-pollinate valuable experience, and to serve a wider variety of clients.



The team at AERO has worked on over 1,000 affordable units and with clients like Venice Community Housing, Social Justice Learning Institute, Common LA, Meta Housing Corporation, Century Villages at Cabrillo, and In-Site Development.

AERO not only offers extensive experience designing projects in collaboration with developers, non-profit organizations, public agencies, community stakeholders and local businesses, but is now expanding its portfolio by collaborating with developers on various projects in the city of Los Angeles that qualify for ED 1.



## Conclusions

In summary, Tilden Ave makes an excellent long term redevelopment buy-and-hold opportunity.

Located in a desirable neighborhood, walking distance to public transit, shopping, and parks. Future value is shielded by the desirability and scarcity of available assets in that immediate area. Additionally, trends indicate a continued rise in West Side LA rental rates spurred by the increased walkability, surge in commercial and retail investment, and economic boost to the immediate area, which will continue to provide a positive impact on local market rates.

Market indicators point towards a nominal increase in value over the next 1-2 years. Through new construction, the subject property will gain significant value, produce substantial income, and command a premium on the open market.

Overall, barring any economic catastrophe, this appears to be an excellent redevelopment opportunity.

Contact Paul D. Crane, [paul@pdcre.com](mailto:paul@pdcre.com), 949.732.0061 for additional details.

