Los Angeles Community Lot Size Reduction: Market & Feasibility Analysis

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LISC Los Angeles

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Introduction

Local Initiatives Support Corporation ("LISC") has recently introduced the concept of eliminating the City of Los Angeles' minimum lot size requirement in residential zones to allow for the development of residential housing suitable for middle-income families. This paper summarizes the analysis London Moeder Advisors ("LMA") undertook to test the extent to which the LISC proposal would achieve its objective of lowering these price points.

In summary, the LISC proposal has the objective of achieving the following:

- Create a zoning overlay covering selected parcels that have a current use of a single-dwelling unit, or single-family home. The overlay should allow for the ministerial subdivision of the lot with no lot minimums to create small-lot homes for families.

- Townhome or row home style projects would be expected to gradually replace single family homes on singular lots. The expectation is that their interior space would meet or exceed the size of current single-family homes, but back and front yard exterior spaces would be reduced or eliminated.

- The units would be vertically constructed at two-to-three levels.

- By lowering the minimum lot standards, an opportunity is created to build several homes on a parcel that currently includes only one single-family dwelling.

The focus of this study is to test the extent to which a more efficient use of parcels would reduce the sales price to consumers of the delivered housing product.

To achieve this, LMA conducted pricing analyses of six Los Angeles neighborhoods. We have concluded that by reducing the minimum size of single-family lots, new family-focused housing can be offered at an average of 42% lower than existing single-family homes. This report details our analysis. To ensure that our pro forma analysis is achievable under various design scenarios *LMA has consulted with architects who have tested various design approaches that might emanate from this policy change*.

Policy Overview & Recommendations

The City of Los Angeles currently allows and encourages fee-simple townhome and rowhome development through its Small Lot Subdivision Ordinance, originally adopted in 2005 (Ordinance No. 176354).

The ordinance permits the subdivision of land into individually owned fee-simple lots for attached and detached townhomes, creating an ownership alternative to traditional condominiums. However, Los

Angeles continues to face a significant shortage of attainable ownership housing for middle-income households and families.

This critical demographic segment known as the "missing middle" has not been adequately served through new residential construction. Some of the reasons include, but are not limited to:

(1) Small lot projects are permitted within commercial and multifamily residential zones, including RD, R3, R4, R5, and RAS districts.[1]

(2) The Small Lot Subdivision Ordinance does not apply within the City's traditional single-family residential zones, including R1, RS, and RE districts.

(3) Approximately 72% of residentially zoned land within Los Angeles remains restricted to single-family residential development.[2]

(4) Additional density bonus incentives and restrictive regulations force the building of denser housing projects featuring smaller living accommodations (e.g. micros, studios, and one-bedrooms) in order to achieve a feasible project.

(5) As this report details, the targeted lot size for a townhouse project to be feasibly developed is approximately 1,000 square feet. In some cases, a family housing project could be built on slightly smaller lots. The current zoning in R1, RS, or RE zones does not accommodate this type of family housing development.

(6) The process for creating smaller lots for family-oriented townhomes is not ministerial. Although compliant small-lot projects benefit from a streamlined process, they still require tract mapping and various municipal approvals, which increase development timelines, costs, and entitlement risk.

The proposal by LISC seeks to reform these regulations to achieve more affordable townhome and rowhome development, offering homes at prices below those of existing single-family homes.

The policy recommendation is as follows:

1) **Allow for the ministerial approval of R1, RS and RD zoned property to be subdivided into individual legal parcels.** *This allows each townhome or rowhome to stand on its own and reduce the costs and complication associated with the establishment of a homeowner's association.*

2) **Eliminate lot size minimums for the newly subdivided property.** *Architects and developers are continually refining design methods to accommodate housing on uniquely shaped parcels. There is no need for a lot size constraint, which is mainly a cap on density.*

[1] Small Lot Subdivision Code Amendment (Ordinance No. 185489)

[2] CityView Los Angeles "72% of LA's Residential Area Isn't Included in Pending Affordable Housing Plan" (2025)

3) **Require each new housing unit to include a minimum of at least two bedrooms.** *This will serve as a control on the achievable density of the property because units with multiple bedrooms are larger. It also eliminates projects that only include studios and one bedrooms which cannot adequately accommodate the family demographic segment.*

4) **Require a maximum height limit that would allow for structures up to three stories.** *Most effective townhomes or rowhomes for families in higher-density environments are three stories high.*

5) **Require zero, or minimal setbacks, to allow for maximum utilization of the site.** *Critical to project feasibility is the ability to accommodate the maximum number of units. With the requirement of larger unit sizes (e.g. multiple-bedroom units), design must be able to maximize all useable area.*

6) **At least one parking space, covered or otherwise, is required to be parked on site.** ***Most townhomes and rowhomes include an attached garage with one space.*** *Other units will also include an additional covered space. By requiring at least one space to be provided on site, it would keep the overall density of the site lower. This will reduce the impact to parking on public streets.*

7) **Exclude any requirement for affordable housing.** *Without this exclusion, townhome and rowhome developments on single-family parcels are not likely to be built. Any requirement to include subsidized, below market-rate housing is likely to render any project infeasible. Importantly, this has been a significant reason why other policy proposals, both State and local, have failed to produce targeted family housing.*

8) **Density bonuses do not apply to this policy.** *Any incentive or design waiver that results in the increased density of the site ultimately pushes a development to smaller units. Instead of townhomes and rowhomes, projects will become multi-stacked flats that are small units (e.g. micro, studios, one-bedrooms).*

Policy Benefits

The following outlines the anticipated key benefits that would result from these policy recommendations and the development of new townhomes:

- **Homeownership:** The proposed policy will help create home ownership opportunities for Los Angeles residents by delivering small-lot homes at price points significantly lower than current single-family homes.

- **No Off-Street Parking:** The proposed policy moves vehicles off the street by incorporating attached garages into the townhome or small-lot configuration, accommodating one to two vehicles per unit.

- **Light Density:** Reducing lot sizes modestly increases density to accommodate several townhomes or rowhomes per lot, without straining public infrastructure or services.

- **Positive Fiscal Impact**: The proposed policy will generate more property tax revenue for City services and infrastructure.

- **Retaining Community Character:** A big concern with mid- and high-rise projects is their impact on the look and feel of the community. This sense of community character will be preserved through this light increase in density.

- **Homes For Families:** The proposed policy promotes family-oriented housing with multiple bedrooms. Eliminating minimum lot sizes by requiring multiple bedrooms per unit targets the need for specific unit types, rather than simply increasing unit count with small units.

- **Economic Payoff:** The proposed policy's creation of small-lot homes encourages middle-income, skilled workers, including public servants, to remain in Los Angeles, thus supporting the local economy. Additionally, the policy increases the city's tax base by adding more housing.

- **Preservation of Built Environment:** Unlike previous infill apartment developments that replaced homes and front yards with parking lots and bulky buildings, the proposed policy preserves sidewalks and tree canopies. This allows for additional small-lot homes to be developed without compromising the community's built environment and walkability.

Summary Conclusions

LMA has conducted market and financial feasibility analyses to identify target markets in the City of Los Angeles where residential zones can successfully support townhome or rowhome development while maintaining financial feasibility.

Our analysis examined the following six communities as potential target markets: Beverlywood, Century City, Cheviot Hills, Eagle Rock, Silverlake, and Studio City.

Detailed financial proformas for each community can be found in the Financial Proformas section of the Appendix. The following table summarizes the results of our analysis in each of these communities in the City of Los Angeles:

Summary of Achievable Townhome Development on Single-Family Lots
Select Los Angeles Communities (Market Rate Units)

	Beverlywood[1]	Century City[1]	Cheviot Hills[1]	Eagle Rock[1]	Silverlake[1]	Studio City
Av. SFR Lot Size (SF)	6,867	6,018	8,169	6,206	5,828	12,230
Townhome Units Achieved	6	6	8	6	5	11
Av. Townhome Size (SF)	2,288	1,795	1,655	1,496	1,522	1,505
Av. Townhome Sale Price	$1,673,175	$1,560,801	$1,390,799	$1,038,912	$1,098,737	$1,053,298
Av. Single-Family Sale Price	$2,820,834	$3,125,098	$3,494,332	$1,353,969	$1,336,833	$2,658,014
TH v. SFR Price Difference	**-41%**	**-50%**	**-60%**	**-23%**	**-18%**	**-60%**
Av. Sale Price of Existing TH	$1,672,767	$1,315,520	$1,204,023	$888,148	$1,061,682	$809,174
New Construction TH Sale Price	$1,673,175	$1,560,801	$1,390,799	$1,038,912	$1,098,737	$1,053,298
New Construction Premium	**0.02%**	**19%**	**16%**	**17%**	**3%**	**30%**

Source: London Moeder Advisors

[1] Includes adjacent area townhome sales outside the subject neighborhood

Across these communities, the average single-family residential lot size ranged from 5,828 to 12,230 square feet, which could accommodate 5 to 11 townhome units per lot. The newly constructed townhomes ranged in size from 1,496 to 2,288 square feet, with premium sale prices averaging between $1,038,912 and $1,673,175.

In comparison, the average sale price of the existing single-family residential lots ranged from $1,336,833 to $3,494,332. This resulted in a price reduction of 18% to 60% when comparing newly constructed townhomes to existing single-family residential lots. The average single-family lot size across these neighborhoods is 7,553 square feet, supporting an estimated 7 townhome units with an average unit size of 1,710 square feet. **Across the six markets studied, the average price of a new townhome is 42% less expensive than surrounding single-family homes in the area.**

To determine the feasibility of new townhome or rowhome construction, LMA analyzed the new construction premium. For this type of development, a developer would need to achieve a minimum Margin on Revenue of 18.5%, a Margin on Total Cost of 20% to 25% and a minimum Return on Investment ("ROI") of 70% for a project to be considered feasible.

Based on current market conditions, newly constructed homes typically achieve sales premiums of approximately 10% to 15% over comparable existing homes. Across the six market areas analyzed, the average premium required to satisfy the minimum feasibility thresholds is 14%, indicating that market pricing is generally capable of supporting new townhome development.

The following general framework was used to evaluate the level of new construction premium required to support financially feasible development:

- **Premium Below 10%:** A required premium below 10% indicates particularly favorable market conditions for new townhome development. Existing single-family home values are strong, relative to land acquisition and development costs, indicating that a new townhome development can achieve the minimum financial feasibility thresholds with little or no premium over comparable existing homes. These markets represent the strongest opportunities for implementation of the proposed program.

  Beverlywood and Silverlake fall within this category, requiring premiums ranging from 0.02% to 3%. These premiums reflect the minimum levels necessary to achieve the target development returns established in this analysis. While the market could potentially support higher premiums, LMA evaluated each community using a consistent financial feasibility framework to ensure results were directly comparable across the market areas.

- **Premium Between 10% and 20%:** A required premium between 10% and 20% indicates favorable market conditions where new townhome development remains financially feasible, but requires a moderate premium above comparable existing homes to satisfy minimum return thresholds. These premiums are generally supportable in neighborhoods where the existing housing inventory is older, and redevelopment opportunities are limited. These markets also represent strong opportunities for implementation of the proposed program.

  Century City, Cheviot Hills, and Eagle Rock fall within this category, requiring premiums ranging from 16% to 19%. Although these premiums exceed those observed in the previous category, the surrounding neighborhoods generally date to the early- to mid-1900s and contain limited new residential development. As a result, the required premiums are considered achievable under current market conditions while continuing to provide new townhomes at prices below comparable single-family homes.

- **Premium Above 20%:** A required premium exceeding 20% indicates that stronger market pricing is necessary to satisfy minimum financial feasibility thresholds. While these markets require higher premiums, they may still support financially feasible townhome development where demand for new construction is strong, and the surrounding housing inventory is older. These markets remain viable candidates for implementation of the proposed program, although development opportunities may be comparatively more limited.

Studio City falls within this category, requiring a premium of 30%. While this premium is above those required in the other market areas, Studio City continues to support pricing that remains below the average sale price of surrounding single-family homes. Accordingly, these neighborhoods remain viable target markets for the proposed program.

APPROACH TO METHODOLOGY

The following outlines the key assumptions and methodologies used to conduct our market and feasibility analysis across each community:

- Analyzed average sales prices and lot sizes of single-family homes over the past 12 to 36 months.
- Analyzed average sales prices and sizes of two- and three-bedroom townhomes over the past 12 to 36 months.
- Due to limited townhome sales activity in certain neighborhoods, LMA incorporated comparable sales from surrounding submarkets to provide a larger and more reliable dataset for market analysis.
- Assumed a 15-month construction and sales period.
- Estimated construction costs based on current market conditions.
- Estimated financing assumptions based on current market conditions.
- Conceptual standard townhome development yield assumptions are as follows:
    - Minimum lot width: 50 feet.
    - Driveway and garage back-out space: 25 feet.
    - Garage depth: 20 feet.
    - Frontage setback: 5 feet.
    - 2-bedroom townhome with mechanical 2-car parking: 15 feet wide.
    - 2–3-bedroom townhome with 2-car garage parking: 25 feet wide

Should you have any questions regarding this analysis, or require any additional information, please feel free to contact our firm.

Sincerely,

Gary H. London

Financial Proformas

Townhome Proforma - Market Rate Units
Studio City, Los Angeles
Assumptions & Results

MARKET INFO	
SFR Sales	
# of Sales	244
Date Range	Last 12 Mos.
Average SFR Sale Price	$2,658,014
Avg. Lot Size (SF)	12,230
Avg. Lot Size (Acres)	0.28
Townhome Sales	
Avg. Sale Price	$809,174
Avg. Size	1,505
Avg. $/SF	$537.81
New Const. Premium	30%
New Const. Sale Price	$1,053,298
TH v. SFR Price Difference	**-60%**

FINANCING	
Loan Amount	$6,287,275
Loan to Cost	70%
Interest Rate	6.50%

TOWNHOME DEVELOPMENT YIELD	
Lot Size	12,230 SF
Assumed Lot Width (Ft)	50
Lot Depth (Ft)	244
Less: Setback (Ft)	(5)
Usable Lot Depth (Ft)	239
2 BR Stacked Parking	
Lot Width (Ft)	15
# Units	5
2-3 BR w/ 2-Car Garage	
Lot Width (Ft)	25
# Units	6
Total	
Lot Depth Utilized	225
# Units	11
Lot SF / Unit	1,112
Land $/Unit	$241,638

CONSTRUCTION BUDGET		Total Cost	Cost/Unit	Cost Per Net S.F.
Land Costs				
Land Acquisition		$2,658,014	$241,638	$160.60
Land Improvement Costs	###### ###	$624,588	$56,781	$37.74
Land Costs Subtotal		*$3,282,602*	*$298,418*	*$198.34*
Hard Costs				
Direct Construction Costs		$2,873,853	$261,259	$173.64
Home Upgrades		$337,071	$30,643	$20.37
Mechanical Parking System Costs		$20,429	$4,086	$1.23
Site Costs (Drive/Yard/Fencing)		$187,376	$17,034	$15.32
Hard Costs Subtotal		*$3,418,730*	*$310,794*	*$206.57*
Soft Costs	25%	$854,682	$77,698	$51.64
Permits and Fees		$330,000	$30,000	$19.94
Warranty	1%	$115,863	$10,533	$7.00
Marketing-Advertising	####### ##	$150,000	$13,636	$9.06
Affordable Housing Linkage Fee		$213,500	$19,409	$12.90
Misc./ Contingency	5%	$274,693	$24,972	$16.60
Soft Costs Subtotal	*57%*	*$1,938,738*	*$176,249*	*$117.14*
Finance & Contingency				
Construction Loan Interest		$294,842	$26,804	$17.81
Loan Fee	0.75%	$46,908	$4,264	$2.83
Financing Subtotal		*$341,751*	*$31,068*	*$20.65*
Total Project Costs		**$8,981,821**	**$816,529**	**$542.70**
Less: Loan Amount		**$6,287,275**	**$571,570**	**$379.89**
Initial Investment:		**$2,694,546**	**$244,959**	**$162.81**

DEVELOPMENT SUMMARY						
Total # of Units						11
Units Per Acre (Pad)						39.2
FAR						1.35
Total Net S.F.						#########
Townhome Units	**# of Units**	**% of Total Mix**	**Avg Unit SF**	**Total Net Sellable**	**Sale Price**	**$/SF**
Market Rate	11	100%	1,505	16,550	$1,053,298	$700.06
Total/Av. Wt.	**11**	**100%**	**1,505**	**16,550**	**$1,053,298**	**$700.06**
Construction/Sale Period (Months)						15

INVESTEMENT PERFORMANCE			
Total Gross Revenue		**$11,586,274**	$1,053,298 avg price
Sales Commission	3.50%	($405,520)	1/3 co-broker
Other Costs of Sale	0.50%	($57,931)	
Total Net Revenue		**$11,122,823**	
Development Costs		($8,981,821)	
Net Profit		**$2,141,003**	
Margin on Total Cost		**23.8%**	
Margin on Gross Revenue		**18.5%**	
Equity Investment		**$2,694,546**	
Return On Investment (ROI)		**79.5%**	

Notes:

Min lot width is 50'
25' required for drive and to back out of garage
20' for garage depth
Assumes 5' frontage setback
2 BR Townhome with mechanical 2-car parking is 15' wide
2-3 BR Townhome with 2-car garage parking is 25' wide
Construction costs are based on San Diego assumptions and adjusted upward using a Los Angeles construct
Permits and fees are estimated by LMA; Los Angeles does not publish a comprehensive fee schedule for ne
Affordable Housing Linkage Fees are estimated in accordance with the Los Angeles Housing Department pro

Townhome Proforma - Market Rate Units
Beverlywood, Los Angeles
Assumptions & Results

MARKET INFO	
SFR Sales	
# of Sales	87
Date Range	Last 24 Mos.
Average SFR Sale Price	$2,820,834
Avg. Lot Size (SF)	6,867
Avg. Lot Size (Acres)	0.16
Townhome Sales	
Avg. Sale Price	$1,672,767
Avg. Size	2,288
Avg. $/SF	$731.05
New Const. Premium	0.02%
New Const. Sale Price	$1,673,175
TH v. SFR Price Difference	**-41%**

FINANCING	
Loan Amount	$5,445,931
Loan to Cost	70%
Interest Rate	6.50%

TOWNHOME DEVELOPMENT YIELD	
Lot Size	6,867 SF
Assumed Lot Width (Ft)	50
Lot Depth (Ft)	137
Less: Setback (Ft)	(5)
Usable Lot Depth (Ft)	132
2 BR Stacked Parking	
Lot Width (Ft)	15
# Units	3
2-3 BR w/ 2-Car Garage	
Lot Width (Ft)	25
# Units	3
Total	
Lot Depth Utilized	120
# Units	6
Lot SF / Unit	1,144
Land $/Unit	$470,139

DEVELOPMENT SUMMARY						
Total # of Units						6
Units Per Acre (Pad)						38.1
FAR						2.00
Total Net S.F.						13,729 S.F.
Townhome Units	# of Units	% of Total Mix	Avg Unit SF	Total Net Sellable	Sale Price	$/SF
Market Rate	6	100%	2,288	13,729	$1,673,175	$731.23
Total/Av. Wt.	**6**	**100%**	**2,288**	**13,729**	**$1,673,175**	**$731.23**
Construction/Sale Period (Months)						15

Notes:

Min lot width is 50'
25' required for drive and to back out of garage
20' for garage depth
Assumes 5' frontage setback
2 BR Townhome with mechanical 2-car parking is 15' wide
2-3 BR Townhome with 2-car garage parking is 25' wide
Construction costs are based on San Diego assumptions and adjusted upward using a Los Angeles constructi
Permits and fees are estimated by LMA; Los Angeles does not publish a comprehensive fee schedule for new
Affordable Housing Linkage Fees are estimated in accordance with the Los Angeles Housing Department prog

CONSTRUCTION BUDGET		Total Cost	Cost/Unit	Cost Per Net S.F.
Land Costs				
Land Acquisition		$2,820,834	$470,139	$205.47
Land Improvement Costs	###### ###	$350,685	$58,447	$25.54
Land Costs Subtotal		*$3,171,519*	*$528,586*	*$231.01*
Hard Costs				
Direct Construction Costs		$2,383,943	$397,324	$173.64
Home Upgrades		$183,857	$30,643	$13.39
Mechanical Parking System Costs		$12,257	$4,086	$0.89
Site Costs (Drive/Yard/Fencing)		$105,205	$17,534	$15.32
Hard Costs Subtotal		*$2,685,262*	*$447,544*	*$195.59*
Soft Costs	25%	$671,316	$111,886	$48.90
Permits and Fees		$180,000	$30,000	$13.11
Warranty	1%	$100,391	$16,732	$7.31
Marketing-Advertising	####### ##	$150,000	$25,000	$10.93
Affordable Housing Linkage Fee		$318,513	$53,085	$23.20
Misc./ Contingency	5%	$206,883	$34,480	$15.07
Soft Costs Subtotal	*61%*	*$1,627,102*	*$271,184*	*$118.52*
Finance & Contingency				
Construction Loan Interest		$255,388	$42,565	$18.60
Loan Fee	0.75%	$40,631	$6,772	$2.96
Financing Subtotal		*$296,019*	*$49,336*	*$21.56*
Total Project Costs		**$7,779,902**	**$1,296,650**	**$566.68**
Less: Loan Amount		**$5,445,931**	**$907,655**	**$396.67**
Initial Investment:		**$2,333,970**	**$388,995**	**$170.00**

INVESTEMENT PERFORMANCE			
Total Gross Revenue		**$10,039,052**	$1,673,175 avg price
Sales Commission	3.50%	($351,367)	1/3 co-broker
Other Costs of Sale	0.50%	($50,195)	
Total Net Revenue		**$9,637,490**	
Development Costs		($7,779,902)	
Net Profit		**$1,857,589**	
Margin on Total Cost		**23.9%**	
Margin on Gross Revenue		**18.5%**	
Equity Investment		**$2,333,970**	
Return On Investment (ROI)		**79.6%**	

Townhome Proforma - Market Rate Units
Eagle Rock, Los Angeles
Assumptions & Results

MARKET INFO	
SFR Sales	
# of Sales	27
Date Range	Last 24 Mos.
Average SFR Sale Price	$1,353,969
Avg. Lot Size (SF)	6,206
Avg. Lot Size (Acres)	0.14
Townhome Sales	
Avg. Sale Price	$888,148
Avg. Size	1,496
Avg. $/SF	$593.82
New Const. Premium	17%
New Const. Sale Price	$1,038,912
TH v. SFR Price Difference	**-23%**

FINANCING	
Loan Amount	$3,381,778
Loan to Cost	70%
Interest Rate	6.50%

TOWNHOME DEVELOPMENT YIELD	
Lot Size	6,206 SF
Assumed Lot Width (Ft)	50
Lot Depth (Ft)	124
Less: Setback (Ft)	(5)
Usable Lot Depth (Ft)	119
2 BR Stacked Parking	
Lot Width (Ft)	15
# Units	4
2-3 BR w/ 2-Car Garage	
Lot Width (Ft)	25
# Units	2
Total	
Lot Depth Utilized	110
# Units	6
Lot SF / Unit	1,034
Land $/Unit	$225,662

DEVELOPMENT SUMMARY						
Total # of Units						6
Units Per Acre (Pad)						42.1
FAR						1.45
Total Net S.F.						8,974 S.F.
Townhome Units	**# of Units**	**% of Total Mix**	**Avg Unit SF**	**Total Net Sellable**	**Sale Price**	**$/SF**
Market Rate	6	100%	1,496	8,974	$1,038,912	$694.62
Total/Av. Wt.	**6**	**100%**	**1,496**	**8,974**	**$1,038,912**	**$694.62**
Construction/Sale Period (Months)						15

CONSTRUCTION BUDGET		Total Cost	Cost/Unit	Cost Per Net S.F.
Land Costs				
Land Acquisition		$1,353,969	$225,662	$150.88
Land Improvement Costs	###### ###	$316,974	$52,829	$35.32
Land Costs Subtotal		*$1,670,943*	*$278,491*	*$186.20*
Hard Costs				
Direct Construction Costs		$1,558,258	$259,710	$173.64
Home Upgrades		$183,857	$30,643	$20.49
Mechanical Parking System Costs		$16,343	$4,086	$1.82
Site Costs (Drive/Yard/Fencing)		$95,092	$15,849	$15.32
Hard Costs Subtotal		*$1,853,550*	*$308,925*	*$206.55*
Soft Costs	25%	$463,388	$77,231	$51.64
Permits and Fees		$180,000	$30,000	$20.06
Warranty	1%	$62,335	$10,389	$6.95
Marketing-Advertising	####### ##	$150,000	$25,000	$16.72
Affordable Housing Linkage Fee		$115,764	$19,294	$12.90
Misc./ Contingency	5%	$151,312	$25,219	$16.86
Soft Costs Subtotal	*61%*	*$1,122,798*	*$187,133*	*$125.12*
Finance & Contingency				
Construction Loan Interest		$158,589	$26,431	$17.67
Loan Fee	0.75%	$25,231	$4,205	$2.81
Financing Subtotal		*$183,820*	*$30,637*	*$20.48*
Total Project Costs		**$4,831,112**	**$805,185**	**$538.35**
Less: Loan Amount		**$3,381,778**	**$563,630**	**$376.84**
Initial Investment:		**$1,449,333**	**$241,556**	**$161.50**

INVESTEMENT PERFORMANCE			
Total Gross Revenue		**$6,233,471**	$1,038,912 avg price
Sales Commission	3.50%	($218,171)	1/3 co-broker
Other Costs of Sale	0.50%	($31,167)	
Total Net Revenue		**$5,984,132**	
Development Costs		($4,831,112)	
Net Profit		**$1,153,021**	
Margin on Total Cost		**23.9%**	
Margin on Gross Revenue		**18.5%**	
Equity Investment		**$1,449,333**	
Return On Investment (ROI)		**79.6%**	

Notes:
Min lot width is 50'
25' required for drive and to back out of garage
20' for garage depth
Assumes 5' frontage setback
2 BR Townhome with mechanical 2-car parking is 15' wide
2-3 BR Townhome with 2-car garage parking is 25' wide
Construction costs are based on San Diego assumptions and adjusted upward using a Los Angeles construct
Permits and fees are estimated by LMA; Los Angeles does not publish a comprehensive fee schedule for ne
Affordable Housing Linkage Fees are estimated in accordance with the Los Angeles Housing Department pro

Townhome Proforma - Market Rate Units
Cheviot Hills, Los Angeles
Assumptions & Results

MARKET INFO	
SFR Sales	
# of Sales	121
Date Range	Last 24 Mos.
Average SFR Sale Price	$3,494,332
Avg. Lot Size (SF)	8,169
Avg. Lot Size (Acres)	0.19
Townhome Sales	
Avg. Sale Price	$1,204,023
Avg. Size	1,655
Avg. $/SF	$727.45
New Const. Premium	16%
New Const. Sale Price	$1,390,799
TH v. SFR Price Difference	**-60%**

FINANCING	
Loan Amount	$6,037,220
Loan to Cost	70%
Interest Rate	6.50%

TOWNHOME DEVELOPMENT YIELD	
Lot Size	8,169 SF
Assumed Lot Width (Ft)	50
Lot Depth (Ft)	163
Less: Setback (Ft)	(5)
Usable Lot Depth (Ft)	158
2 BR Stacked Parking	
Lot Width (Ft)	15
# Units	5
2-3 BR w/ 2-Car Garage	
Lot Width (Ft)	25
# Units	3
Total	
Lot Depth Utilized	150
# Units	8
Lot SF / Unit	1,021
Land $/Unit	$436,791

DEVELOPMENT SUMMARY						
Total # of Units						8
Units Per Acre (Pad)						42.7
FAR						1.62
Total Net S.F.						13,241 S.F.
Townhome Units	**# of Units**	**% of Total Mix**	**Avg Unit SF**	**Total Net Sellable**	**Sale Price**	**$/SF**
Market Rate	8	100%	1,655	13,241	$1,390,799	$840.30
Total/Av. Wt.	**8**	**100%**	**1,655**	**13,241**	**$1,390,799**	**$840.30**
Construction/Sale Period (Months)						15

Notes:
Min lot width is 50'
25' required for drive and to back out of garage
20' for garage depth
Assumes 5' frontage setback
2 BR Townhome with mechanical 2-car parking is 15' wide
2-3 BR Townhome with 2-car garage parking is 25' wide
Construction costs are based on San Diego assumptions and adjusted upward using a Los Angeles construction cost index premium
Permits and fees are estimated by LMA; Los Angeles does not publish a comprehensive fee schedule for new development
Affordable Housing Linkage Fees are estimated in accordance with the Los Angeles Housing Department program requirements

CONSTRUCTION BUDGET		**Total Cost**	**Cost/Unit**	**Cost Per Net S.F.**
Land Costs				
Land Acquisition		$3,494,332	$436,791	$263.90
Land Improvement Costs	$51.07 /lot SF	$417,199	$52,150	$31.51
Land Costs Subtotal		*$3,911,531*	*$488,941*	*$295.41*
Hard Costs				
Direct Construction Costs		$2,299,198	$287,400	$173.64
Home Upgrades		$245,143	$30,643	$18.51
Mechanical Parking System Costs		$20,429	$4,086	$1.54
Site Costs (Drive/Yard/Fencing)		$125,160	$15,645	$15.32
Hard Costs Subtotal		*$2,689,929*	*$336,241*	*$203.15*
Soft Costs	25%	$672,482	$84,060	$50.79
Permits and Fees		$240,000	$30,000	$18.13
Warranty	1%	$111,264	$13,908	$8.40
Marketing-Advertising	$10,000 /mo	$150,000	$18,750	$11.33
Affordable Housing Linkage Fee		$307,190	$38,399	$23.20
Misc./ Contingency	5%	$214,044	$26,755	$16.17
Soft Costs Subtotal	*63%*	*$1,694,980*	*$211,873*	*$128.01*
Finance & Contingency				
Construction Loan Interest		$283,116	$35,390	$21.38
Loan Fee	0.75%	$45,043	$5,630	$3.40
Financing Subtotal		*$328,159*	*$41,020*	*$24.78*
Total Project Costs		**$8,624,599**	**$1,078,075**	**$651.36**
Less: Loan Amount		**$6,037,220**	**$754,652**	**$455.95**
Initial Investment:		**$2,587,380**	**$323,422**	**$195.41**

INVESTEMENT PERFORMANCE			
Total Gross Revenue		**$11,126,389**	$1,390,799 avg price
Sales Commission	3.50%	($389,424)	1/3 co-broker
Other Costs of Sale	0.50%	($55,632)	
Total Net Revenue		**$10,681,333**	
Development Costs		($8,624,599)	
Net Profit		**$2,056,734**	
Margin on Total Cost		**23.8%**	
Margin on Gross Revenue		**18.5%**	
Equity Investment		**$2,587,380**	
Return On Investment (ROI)		**79.5%**	

Townhome Proforma - Market Rate Units
Silverlake, Los Angeles
Assumptions & Results

MARKET INFO	
SFR Sales	
# of Sales	9
Date Range	Last 36 Mos.
Average SFR Sale Price	$1,336,833
Avg. Lot Size (SF)	5,828
Avg. Lot Size (Acres)	0.13
Townhome Sales	
Avg. Sale Price	$1,061,682
Avg. Size	1,522
Avg. $/SF	$697.43
New Const. Premium	3%
New Const. Sale Price	$1,098,737
TH v. SFR Price Difference	**-18%**

FINANCING	
Loan Amount	$2,980,207
Loan to Cost	70%
Interest Rate	6.50%

TOWNHOME DEVELOPMENT YIELD	
Lot Size	5,828 SF
Assumed Lot Width (Ft)	50
Lot Depth (Ft)	116
Less: Setback (Ft)	(5)
Usable Lot Depth (Ft)	111
2 BR Stacked Parking	
Lot Width (Ft)	15
# Units	2
2-3 BR w/ 2-Car Garage	
Lot Width (Ft)	25
# Units	3
Total	
Lot Depth Utilized	105
# Units	5
Lot SF / Unit	1,166
Land $/Unit	$267,367

DEVELOPMENT SUMMARY						
Total # of Units						5
Units Per Acre (Pad)						37.4
FAR						1.31
Total Net S.F.						#########
Townhome Units	**# of Unit**	**% of Total Mix**	**Avg Unit SF**	**Total Net Sellable**	**Sale Price**	**$/SF**
Market Rate	5	100%	1,522	7,611	$1,098,737	$721.77
Total/Av. Wt.	**5**	**100%**	**1,522**	**7,611**	**$1,098,737**	**$721.77**
Construction/Sale Period (Months)						15

Notes:

Min lot width is 50'
25' required for drive and to back out of garage
20' for garage depth
Assumes 5' frontage setback
2 BR Townhome with mechanical 2-car parking is 15' wide
2-3 BR Townhome with 2-car garage parking is 25' wide
Construction costs are based on San Diego assumptions and adjusted upward using a Los Angeles construct
Permits and fees are estimated by LMA; Los Angeles does not publish a comprehensive fee schedule for ne
Affordable Housing Linkage Fees are estimated in accordance with the Los Angeles Housing Department pro

CONSTRUCTION BUDGET		Total Cost	Cost/Unit	Cost Per Net S.F.
Land Costs				
Land Acquisition		$1,336,833	$267,367	$175.64
Land Improvement Costs	###### ###	$297,622	$59,524	$39.10
Land Costs Subtotal		*$1,634,455*	*$326,891*	*$214.74*
Hard Costs				
Direct Construction Costs		$1,321,659	$264,332	$173.64
Home Upgrades		$153,214	$30,643	$20.13
Mechanical Parking System Costs		$8,171	$4,086	$1.07
Site Costs (Drive/Yard/Fencing)		$89,286	$17,857	$15.32
Hard Costs Subtotal		*$1,572,331*	*$314,466*	*$206.58*
Soft Costs	25%	$393,083	$78,617	$51.64
Permits and Fees		$150,000	$30,000	$19.71
Warranty	1%	$54,937	$10,987	$7.22
Marketing-Advertising	####### ##	$150,000	$30,000	$19.71
Affordable Housing Linkage Fee		$9,743	$1,949	$1.28
Misc./ Contingency	5%	$130,899	$26,180	$17.20
Soft Costs Subtotal	*57%*	*$888,661*	*$177,732*	*$116.75*
Finance & Contingency				
Construction Loan Interest		$139,757	$27,951	$18.36
Loan Fee	0.75%	$22,235	$4,447	$2.92
Financing Subtotal		*$161,992*	*$32,398*	*$21.28*
Total Project Costs		**$4,257,439**	**$851,488**	**$559.35**
Less: Loan Amount		**$2,980,207**	**$596,041**	**$391.55**
Initial Investment:		**$1,277,232**	**$255,446**	**$167.81**

INVESTEMENT PERFORMANCE			
Total Gross Revenue		**$5,493,685**	$1,098,737 avg price
Sales Commission	3.50%	($192,279)	1/3 co-broker
Other Costs of Sale	0.50%	($27,468)	
Total Net Revenue		**$5,273,938**	
Development Costs		($4,257,439)	
Net Profit		**$1,016,499**	
Margin on Total Cost		**23.9%**	
Margin on Gross Revenue		**18.5%**	
Equity Investment		**$1,277,232**	
Return On Investment (ROI)		**79.6%**	

Townhome Proforma - Market Rate Units
Century City, Los Angeles
Assumptions & Results

MARKET INFO	
SFR Sales	
# of Sales	33
Date Range	Last 24 Mos.
Average SFR Sale Price	$3,125,098
Avg. Lot Size (SF)	6,018
Avg. Lot Size (Acres)	0.14
Townhome Sales	
Avg. Sale Price	$1,315,520
Avg. Size	1,795
Avg. $/SF	$732.77
New Const. Premium	19%
New Const. Sale Price	$1,560,801
TH v. SFR Price Difference	**-50%**

FINANCING	
Loan Amount	$5,080,167
Loan to Cost	70%
Interest Rate	6.50%

TOWNHOME DEVELOPMENT YIELD	
Lot Size	6,018 SF
Assumed Lot Width (Ft)	50
Lot Depth (Ft)	120
Less: Setback (Ft)	(5)
Usable Lot Depth (Ft)	115
2 BR Stacked Parking	
Lot Width (Ft)	15
# Units	4
2-3 BR w/ 2-Car Garage	
Lot Width (Ft)	25
# Units	2
Total	
Lot Depth Utilized	110
# Units	6
Lot SF / Unit	1,003
Land $/Unit	$520,850

DEVELOPMENT SUMMARY						
Total # of Units						6
Units Per Acre (Pad)						43.4
FAR						1.79
Total Net S.F.						10,772 S.F.
Townhome Units	**# of Units**	**% of Total Mix**	**Avg Unit SF**	**Total Net Sellable**	**Sale Price**	**$/SF**
Market Rate	6	100%	1,795	10,772	$1,560,801	$869.39
Total/Av. Wt.	**6**	**100%**	**1,795**	**10,772**	**$1,560,801**	**$869.39**
Construction/Sale Period (Months)						15

Notes:

Min lot width is 50'
25' required for drive and to back out of garage
20' for garage depth
Assumes 5' frontage setback
2 BR Townhome with mechanical 2-car parking is 15' wide
2-3 BR Townhome with 2-car garage parking is 25' wide
Construction costs are based on San Diego assumptions and adjusted upward using a Los Angeles construction cost index premium
Permits and fees are estimated by LMA; Los Angeles does not publish a comprehensive fee schedule for new development
Affordable Housing Linkage Fees are estimated in accordance with the Los Angeles Housing Department program requirements

CONSTRUCTION BUDGET		Total Cost	Cost/Unit	Cost Per Net S.F.
Land Costs				
Land Acquisition		$3,125,098	$520,850	$290.12
Land Improvement Costs	$51.07 /lot SF	$307,341	$51,223	$28.53
Land Costs Subtotal		*$3,432,439*	*$572,073*	*$318.65*
Hard Costs				
Direct Construction Costs		$1,870,421	$311,737	$173.64
Home Upgrades		$183,857	$30,643	$17.07
Mechanical Parking System Costs		$16,343	$4,086	$1.52
Site Costs (Drive/Yard/Fencing)		$92,202	$15,367	$15.32
Hard Costs Subtotal		*$2,162,823*	*$360,471*	*$200.79*
Soft Costs	25%	$540,706	$90,118	$50.20
Permits and Fees		$180,000	$30,000	$16.71
Warranty	1%	$93,648	$15,608	$8.69
Marketing-Advertising	$10,000 /mo	$150,000	$25,000	$13.93
Affordable Housing Linkage Fee		$249,902	$41,650	$23.20
Misc./ Contingency	5%	$171,726	$28,621	$15.94
Soft Costs Subtotal	*64%*	*$1,385,982*	*$230,997*	*$128.67*
Finance & Contingency				
Construction Loan Interest		$238,235	$39,706	$22.12
Loan Fee	0.75%	$37,902	$6,317	$3.52
Financing Subtotal		*$276,137*	*$46,023*	*$25.64*
Total Project Costs		**$7,257,381**	**$1,209,564**	**$673.75**
Less: Loan Amount		**$5,080,167**	**$846,694**	**$471.62**
Initial Investment:		**$2,177,214**	**$362,869**	**$202.12**

INVESTEMENT PERFORMANCE			
Total Gross Revenue		**$9,364,805**	$1,560,801 avg price
Sales Commission	3.50%	($327,768)	1/3 co-broker
Other Costs of Sale	0.50%	($46,824)	
Total Net Revenue		**$8,990,213**	
Development Costs		($7,257,381)	
Net Profit		**$1,732,831**	
Margin on Total Cost		**23.9%**	
Margin on Gross Revenue		**18.5%**	
Equity Investment		**$2,177,214**	
Return On Investment (ROI)		**79.6%**	

Corporate Profile

PROFESSIONAL AND BUSINESS HISTORY

Market and Feasibility Studies	Development Services	Litigation Consulting
Financial Structuring	Fiscal Impact	Workout Projects
Asset Disposition	Strategic Planning	MAI Valuation
Government Processing	Capital Access	Economic Analysis

The London Group Realty Advisors was formed in 1991 to provide real estate advisory services to a broad range of clientele. The firm principals, Gary London and Nathan Moeder, combine for over 60 years of experience. We have analyzed, packaged and achieved capital for a wide variety of real estate projects. Clients who are actively pursuing, developing and investing in projects have regularly sought our advice and financial analysis capabilities. Our experience ranges from large scale, master planned communities to urban redevelopment projects, spanning all land uses and development issues of all sizes and types. These engagements have been undertaken principally throughout North America and Mexico. A snapshot of a few of the services we render for both the residential and commercial sectors:

- **Market Analysis** for mixed use, urban and suburban properties. Studies concentrate on market depth for specific products, detailed recommendations for product type, absorption and future competition. It also includes economic overviews and forecasts of the relevant communities.
- **Financial Feasibility Studies** for new projects of multiple types, including condominium, apartment, office, and master-planned communities. Studies incorporate debt and equity needs, sensitivity analyses, rates of return and land valuations.
- **Litigation support/expert witness services** for real estate and business issues, including economic damages/losses, valuations, historic market conditions and due diligence. We have extensive deposition, trial, mediation and arbitration experience.
- **Investment studies for firms acquiring or disposing of real estate.** Studies include valuation, repositioning projects and portfolios, economic/real estate forecasts and valuation of partnerships. Often, the commercial studies include the valuation of businesses.
- **Estate Planning services** including valuation of portfolios, development of strategies for disposition or repositioning portfolios, succession planning and advisory services for high net worth individuals. We have also been involved in numerous marriage dissolution assignments where real estate is involved.
- **Fiscal Impact, Job Generation and Economic Multiplier Effect Reports**, traditionally prepared for larger commercial projects and in support of Environmental Impact Reports. We have been retained by both developers and municipalities for these reports. The studies typically relate to the tax revenues and employment impacts of new projects.
- Business Valuation Services including applicable methodologies for determining the value of a business. We have extensive experience reviewing contracts, partnership agreements, accounting and corporate documents that inform the value of a business and the respective ownership interests.

The London Group Realty Advisors also draws upon the experience of professional relationships in the development, legal services, financial placement fields as well as its own staff. Clients who are actively investigating and investing in businesses, apartment projects, retail centers, commercial projects, mixed use developments and large master plans have regularly sought our advice and financial analysis capabilities.

Contact Information

Research for this project was completed in July 2026. Conclusions and recommendations are strictly those of The London Group Realty Advisors, Inc.. Users of this information should recognize that assumptions and projections contained in this report *will* vary from the actual experience in the marketplace. Therefore, London Moeder Advisors is not responsible for the actions taken or any limitations, financial or otherwise, of property owners, investors, developers, lenders, public agencies, operators or tenants.

. For further information or questions contact us at:

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