

# The Guide to House Hacking with a Four-Family



How to Reduce Housing Costs While Building Your First Real Estate Portfolio

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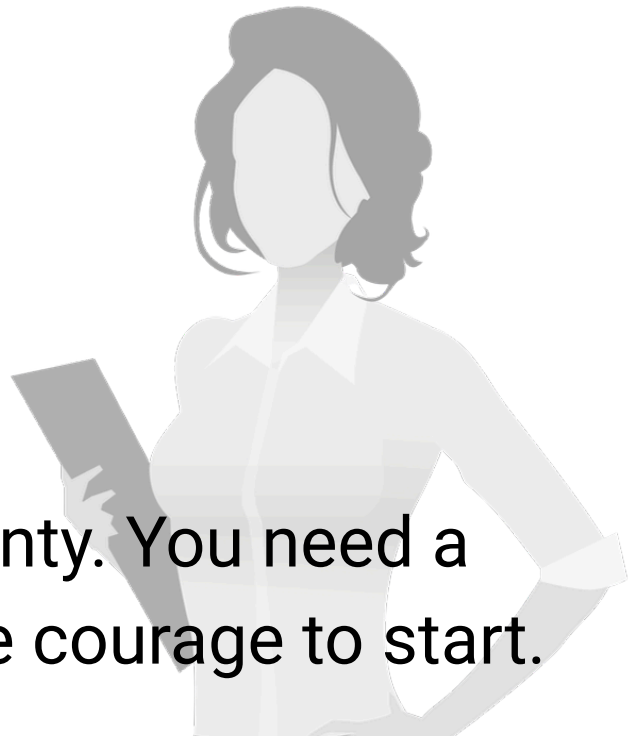
# What Is House Hacking?

## Reduce your living costs while building your rental portfolio

- Purchase a small multifamily
- Live in one unit
- Rent the others
- Rental income offsets mortgage
- Lower monthly housing cost + equity

## Why a Four-Family Is the Ideal First Investment

- Residential financing
- Multiple income streams
- Risk spread across units
- Scales to future investments



You don't need certainty. You need a reasonable plan and the courage to start.



# Why Professional Property Management Matters

Many first-time investors assume that if they live in the building, they should manage it themselves. In reality, working with a professional property manager—especially when you live on-site—is one of the smartest decisions you can make.

:



Tenants do not need to know the owner lives next door.



A property manager serves as the representative of the owner, not just a rent collector.

Just as important:

There is no need for tenants to know the owner lives next door.

When tenants view the property manager as the point of contact:

- Boundaries are clear
- Personal relationships don't blur business decisions
- Rent collection, maintenance requests, and enforcement stay professional
- The owner avoids becoming "the neighbor who owns the building"

This separation protects both the investment and the owner's quality of life.

A well-run four-family should operate like a business—because it is one.

Waiting for the "perfect deal" is often just fear dressed up as discipline.



# The Numbers Matter... They're Often Incomplete

Investment properties are frequently marketed with optimistic or incomplete operating budgets. First-time investors need realistic guidance on the true cost of ownership, including:

- Property taxes and insurance
- Repairs and routine maintenance
- Capital expenditures (roof, HVAC, plumbing, electrical, parking)
- Vacancy and turnover costs
- Utilities and common area expenses
- Property management fees (even if the owner could self-manage)

If a deal only works on paper because expenses are understated, it's not an investment—it's a gamble.

This is why working with a Realtor who understands rental economics, not just sales comps, is essential.

## The Right Realtor Makes or Breaks the Deal

- An investment-savvy Realtor helps first-time buyers:
- Evaluate real market rents
- Identify missing or understated expenses
- Understand deferred maintenance risks
- Assess whether the property performs as a long-term rental
- Pretty buildings don't always make good investments. Cash flow, durability, and operational reality do.

Expenses are largely fixed—even when one unit is owner-occupied.



# What Does It Actually Cost to Live There?

## Examples of Four-Family Opportunities

The following properties illustrate the type of four-family buildings often considered by first-time investors looking to live in one unit while building rental income:

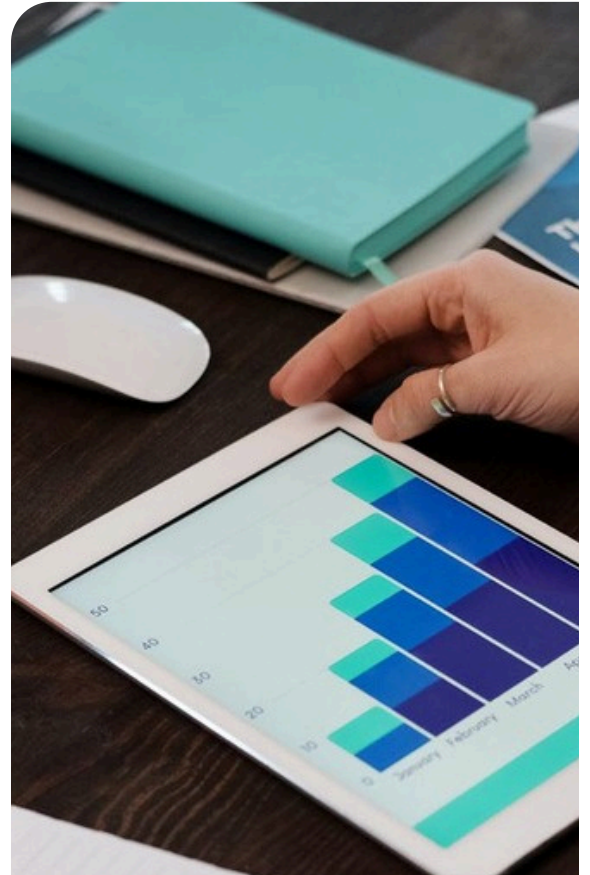
3012 Cherokee St.

2641 Minnesota Ave.

5044 Lindenwood Ave.

Each of these properties presents an opportunity to evaluate:

- Unit mix and rent potential
- Owner-paid vs tenant-paid utilities
- Condition of major systems
- Whether the building supports professional management



Monthly cost to live in 2 Bed/1 Bath Unit	
Net Operating Income	<b>\$28,800.00</b>
Debt Service (Mortgage)	-\$27,912.00
Cash flow w/owner in 1 unit	(\$9,912.00)
Effective Monthly Housing Cost	\$826.00



# Depreciation - The Quiet Advantage

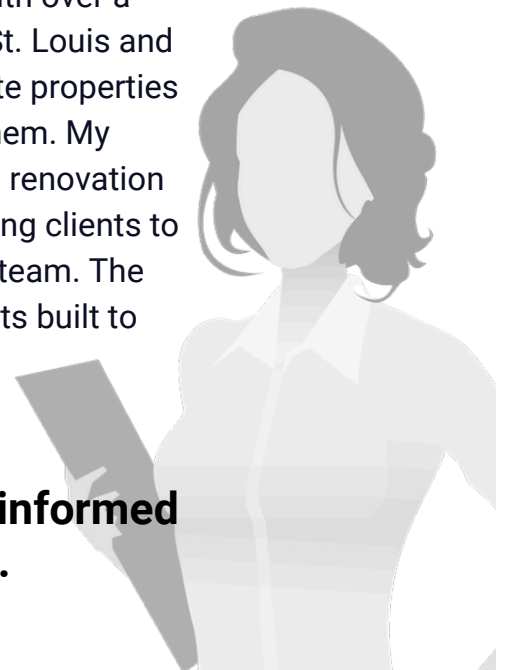
## Understanding Rental Property Depreciation

Depreciation is the gradual decline in an asset's value due to wear and tear, age, and obsolescence. It creates a tax deduction for rental properties that owners use to recover some of the cost of their investment over time. Instead of deducting the full amount in the year you buy the property, the IRS requires you to spread the deduction over the property's useful life.<sup>1</sup>

Internal Revenue Service. "Publication 946, How To Depreciate Property." Page 3.

## Why I'm the Best Agent For You

I work with multifamily investors who want clear numbers, realistic guidance, and an end-to-end plan—not sales pressure. With over a decade of hands-on multifamily investing experience in St. Louis and years teaching multifamily investing nationwide, I evaluate properties the way an owner does, not just how an agent markets them. My background spans acquisition analysis, construction and renovation oversight, and professional property management, allowing clients to move from purchase to stabilization with one integrated team. The result is fewer surprises, better decisions, and investments built to perform over the long term.



**Progress in real estate is made through informed action—not endless preparation.**



# 2641 Minnesota Ave

This four family has good economics with a near break even outcome with an owner occupant. This is after paying the mortgage. Effective rent is \$138 per month. Taking depreciation into consideration, this investment is likely a positive.

	2641 Minnesota	2641 Minnesota Actual
Purchase Price	\$ 340,000	\$ 340,000
Renovations	\$ -	\$ -
Total Cost	\$ 340,000	\$ 340,000
Current Annual Rent (Based on avg in area)	\$ 54,240	\$ 40,680
Operating Costs @ 40%	\$ 21,696	\$ 21,696
Net Income	\$ 32,544	\$ 18,984
Cap Rate	10%	
<b>Mortgage @ 6.5%</b>		
Purchase price	\$ 340,000	
Down Payment	\$ 68,000	
Loan Amount	\$ 272,000	
Monthly P+I	\$ 1,720	
Annual mortgage cost	\$ 20,640	
Cash flow	\$ 11,904	\$ (1,656)
Rent for 2 bedroom apt. = \$826.00		\$ (138)
Annual Depreciation	\$ 9,891	



A conservative deal you understand is better than a flashy deal you don't.



# 3012 Cherokee Ave

If you need more room to work at home or include a roommate, that would pay additional rent, this property might be a good solution. Effective rent is \$826 per month. Current rents in this area for a 2 Bed/1 Bath are \$1,300+.

	3012 Cherokee	3012 Cherokee Actual
Purchase Price	\$ 460,000	
Renovations	\$ -	
Total Cost	\$ 460,000	
Current Annual Rent (Based on actual rent)	\$ 48,000	\$ 37,200
Operating Costs @ 40%	\$ 19,200	\$ 19,200
Net Income	\$ 28,800	\$ 18,000
Cap Rate	6.26%	
Mortgage @ 6.5%		
Purchase price	\$460,000	
Down Payment	\$92,000	
Loan Amount	\$368,000	
Monthly P+I	\$2,326	
Annual mortgage cost	\$ 27,912	\$ 27,912
Cash flow	\$ 888	\$ (9,912)
Rent for 2 bedroom apt. = \$826.00		\$ (826)
Annual Depreciation	\$ 13,382	
Rent for 2 bedroom apt. = \$826.00		\$ (826)
Annual Depreciation	\$ 13,382	



**Your first investment doesn't have to be brilliant. It has to be survivable and educational.**



# 5044 Lindenwood

Lindwood has a bit of curb appeal with the arched entry, but don't let the curb appeal fool you. Of our three examples, this option has the least desirable outcome for our owner occupant. Your effective rent would be higher than the area average rent of \$979 for this building.

	5044 Lindenwood	5044 Lindenwood Actual
Purchase Price	\$ 435,000	\$ 435,000
Renovations	\$ -	\$ -
Total Cost	\$ 435,000	\$ 435,000
Current Annual Rent (Based on avg in area)	\$ 43,740	\$ 33,240
Operating Costs @ 40%	\$ 17,496	\$ 21,696
Net Income	\$ 26,244	\$ 11,544
Cap Rate	6.03%	
<b>Mortgage @ 6.5%</b>		
Purchase price	\$ 435,000	
Down Payment	\$ 87,000	
Loan Amount	\$ 348,000	
Monthly P+I	\$ 2,199	
Annual mortgage cost	\$ 26,388	
Cash flow	\$ (144)	\$ (14,844)
Rent for 2 bedroom apt. = \$826.00		\$ (1,237)
Annual Depreciation	\$ 12,655	



**Fear fades when numbers replace assumptions.**

# Thank You.



Call today to get started

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