



HOMEPLEX &
THE NEW AMERICAN DREAM



CCEDA

ADU STEP-BY-STEP *Checklist*

by HOMEPLEX

A Getting Started Guide for your Accessory Dwelling Unit (ADU)

Includes steps for determining the type of ADU that you can build, financing, location, layout, construction, and more!

Before you take the leap, let's dive into the top reasons why investing in a Project Feasibility Report is the ultimate way to kickstart your ADU project, compared to relying solely on a Contractors Bid!

Comprehensive Site Analysis

A Project Feasibility Report goes beyond a simple bid. It provides a detailed site analysis, evaluating your property's potential, restrictions, zoning regulations, set-backs, and more! It's like having a personalized roadmap for your ADU success!

Budget Clarity and Accuracy

No more surprises! The Project Feasibility Report gives you an estimate of construction costs, ensuring you stay within your budget and avoid unforeseen expenses down the road.

Expert Recommendations

Benefit from professional advice! The report comes with expert recommendations and viable ADU options, so you can make informed decisions that align with your vision and goals.

Independent & Unbiased

Unlike a Contractors Bid, the Project Feasibility Report is impartial and unbiased. It's not influenced by contractors trying to win your business, ensuring you get an objective assessment of your ADU's potential to meet your family goals.

Future-Proofing Your Investment

The insights from the report help future-proof your investment, ensuring your ADU aligns with both your immediate and long term goals, as well as taking into account current regulations and potential changes, saving you headaches in the long run.

Comparison Table

Investing in a Project Feasibility Report (PFR) provides a comprehensive overview of costs, site analysis, zoning information, and more. On the other hand, a Contractor's Bid typically first requires a completed design and focuses primarily on detailed cost breakdowns, scope of work, construction timelines, and change orders. Both have their advantages, but a PFR offers a broader perspective early on in your ADU project for a successful outcome.

Features	Project Feasibility Report (PFR)	Contractor's Bid
Detailed Cost Breakdown	✓	✓
Comprehensive Site Analysis	✓	✗
Zoning and Permit Information	✓	✗
Financing and Budget Assessment	✓	✗
Potential Challenges and Solutions	✓	✗
Design and Floor Plan Options & Considerations	✓	✗
ROI Projection with Rental Income Comps & Analysis	✓	✗
Unbiased Needs Assessment	✓	✗
Scope of Work	✗	✓
Detailed Construction Timeline	✗	✓



- Read up... Understand your city's ADU requirements
 - Size limitations
 - Height restrictions
 - Minimum setbacks
 - Septic requirements (if applicable)
 - Owner occupancy requirements
 - Sprinklers needed
 - Parking requirements
 - Solar
 - Rainwater collection

- If in an HOA, are there any design guidelines or other regulations you must follow to build your ADU?

- Consult with an ADU advisor, ADU builder, and/or have a Feasibility Study done for your property to:
 - Determine the best configuration for your ADU(s)
 - Choose the appropriate construction type for the ADU: (stick-built, prefab, modular, CMU, etc)
 - Verify there is adequate space for the ADU; including necessary property setbacks, desired ADU configuration, and design meets all requirements
 - Check that there are no site conditions that would prohibit an ADU being built or installed
 - If considering a modular prefab ADU, verify that there is easy street access and no power lines impeding crane access

KEY:  **Included in Project Feasibility Assessment**

Step-by-step!

With advisory from



Financial Feasibility:

- What is the estimated cost range to build your desired ADU
- Decide on your financing strategy:
 - Cash/savings
 - Loan
 - New loan
 - Refinance existing loan with renovation cash out
 - Fixed rate 2nd trust deed
 - HELOC / Variable rate 2nd mortgage
 - Construction or hard money loan
 - Loan from friends and family
 - Other options: reverse mortgage, 401(k) loan, equity sharing / shared appreciation loans
- Determine if you qualify for an ADU grant:
 - For \$40k CalHFA Grant - Your income is or is below CalHFA's income limit for your county and the property will be owner occupied for the duration of the ADU construction?
 - Are there other local ADU incentives available in your city or county?
 - Are you open to renting to an LMI or Sec8 tenant?

**Need creative financing?
Schedule a FREE consultation call
with an ADU Specialist!
homeplex.net/advisory-intake**





Project Feasibility:

- Understand how much your ADU(s) will cost (using cost calculators and estimates from builders). Make sure to include:
 - City impact fees if ADU is 750 square feet or larger
 - Other impact fees such as schools & special districts
 - Specific fees for your jurisdiction
 - Utility hookup fees
 - Site-work costs such as grading, retaining walls, caissons, demolition, utility connections, installing a new septic tank or extend leach lines (if needed)

- Understand how building the ADU will affect your property taxes and property value

- Calculate the return on investment (ROI) that will be generated by the ADU (if the goal is income) for each viable option
 - Calculate the income and expenses using various options (ADU, JADU, ADU+JADU, SB-9 Duplex, SB-9 Lot Split) to determine your greatest return on investment
 - Calculate the financing cost for each option (refinance, HELOC, fixed rate second)
 - Determine rent comparables for each viable option
 - Based on Income and Expenses (including financing costs), calculate the positive monthly cash flow and ROI
 - Based on your calculations, determine the highest and best use for your property, given the desired cash flow and the increase in property value

KEY:  **Included in Project Feasibility Assessment**
 **Included with Advisory Consulting Service**





 **Sign up for a no cost consultation to explore ADU options for your property**
homeplex.net/advisory-intake



Design



First determine your ADU construction method (traditional, custom design/"stick built", prefab modular, or prefab panelized)



If traditional, interview and hire an architect, ideally someone experienced in ADU design OR use a design-build firm that does both design and construction in house



If modular, use a modular builder that includes design work along with ADU installation

*HOMEPLEX can recommend pre-approved designers through their exclusive Contractor Network



Ensure the design is signed off by civil, structural engineers, and MEP if required by your project. They should verify:

- Project meets code expectations
- The ADU build meets environmental standards
- Title 24 compliant
- The ADU has proper utilities, heating/cooling, and ventilation systems



Designer makes revisions and submits plans to the city for approval



Determine if a plan expediter would be helpful in your city or jurisdiction



Determine grant/financing as needed for design and permitting



Once plans are approved, obtain your building permits

KEY:  **Included in Project Feasibility Report**

 **Included with Advisory Consulting and / or Design Service**

 **Included with Permitting Add-On or Design Service**



Find a Reliable Team of Builders



Find reputable builders

*HOMEPLEX can recommend pre-approved vetted builders through our exclusive Contractor Network



Compare quotes from at least 3 builders. Ensure you're comparing bids apples-to-apples:

Does the bid include all demolition, site preparation, permits, 3rd parties?

What is the process and costs for change requests or supply chain price increases?

Is the builder bonded, insured, have workers compensation, references, complaints on file?



Select your builder



Determine payment schedule and execute contract

Other Essential Resources to Consider



Get a real estate lawyer to review the builder contract



Select insurance for during construction and after ADU completion to protect your new dwelling



Set up an appointment with a tax advisor to make a plan for your taxes ownership structure



Interview reputable property management companies



Geotech Engineer (for soils report if required)



Structural engineering and/or MEP (if required)



Title 24 Report



Septic specialists

KEY:  Included with Advisory Consulting and / or Design Service

** Examples of topics you can get guidance about during your 6 months of on-call support





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CCEDA

Apply through CCEDA for an exclusive reduced deposit for ADU Grant Applicants!

Begin your Project Feasibility Report with just a 10% \$250 deposit instead of 50%.

Let's eliminate uncertainties together and kickstart your ADU journey with confidence.



<https://homeplex-inc.square.site/product/project-feasibility-report/3>

