

# Rough estimates on the returns for adding an ADU\*

	1BR (550 SF)	2BR (800 SF)
Building	\$97,000	\$150,000
Design Cost	?? \$2,000	?? \$3,000
Permits/Fees - Estimate for 800 s.f. ADU = \$1018.84 for permit, impact fees, Certificate of Occupancy. Permit fees may be paid by the contractor. Please verify.	-	-
<b>TOTAL COST</b>	<b>\$99,000</b>	<b>\$153,000</b>
Monthly Rent (assumes tenant pays utilities)	\$1,600	\$2,000
Gross Annual Rent	\$19,200	\$24,000
Maintenance, Vacancy, Insurance (10% gross)	\$1,920	\$2,400
Property Taxes (1% total cost)	\$1,000	\$1,500
Financing fees (if applicable)		
<b>NET INCOME</b>	<b>\$15,280</b>	<b>\$20,100</b>
Cash on Cash Return (net income / cost)	15%	13%
$\$99,000 / \$15,280 = 6.47$ <p>So it would take approximately 6 ½ years to break-even. This number does not take into account the added value to the property.</p>		

Note: the Ideal ROI for a rental property is 10% of higher.

\*These are rough estimates. All costs should be verified.