

The background image shows the exterior of a modern Accessory Dwelling Unit (ADU). It features a wall of vertical corrugated metal on the left, a large window with a dark frame in the center, and a skylight with multiple glass panes at the top. A silver, dome-shaped outdoor light fixture is mounted on the corrugated metal wall. The overall scene is brightly lit, suggesting a sunny day.

# **Building an ADU** **Small Spaces, Big Value**

A Definitive Guide to ADUs -  
How to Maximize ROI while tackling  
Regulations, Financing, Technical Specs,  
& Design

**dwelling lab**

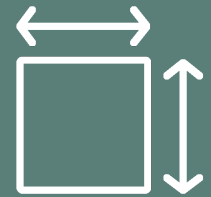
## Secret to True Value in ADU

Discover how ADUs can be used as a cheat card to get the home you really want and create real value!



## Why Size Matters?

ADU sizes vary but there are thresholds that may influence your decisions



## What Should an ADU Look Like

How to decide which style is right for you, the site, and without killing value



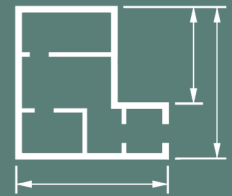
## Cost, Financing, & ROI

Our latest information on costs, ideas about financing construction, and road-tested investment strategies



## How to Use Space Wisely

Explore some tricks we use to make small homes function like big ones



## Let's Get Technical!

From water supply, heating, cooling, and the size the fridge should be





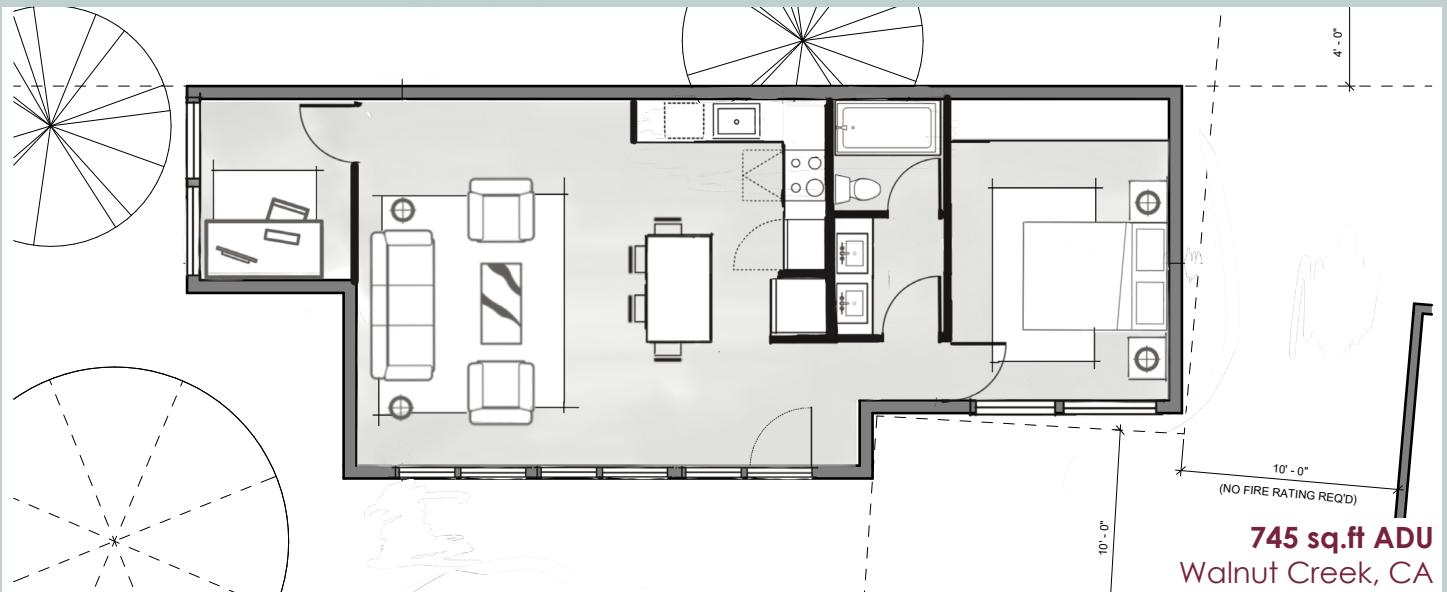
# Implications on the Size of Your ADU?

< 500 sq.ft

- No Schools Impact Fees
- Point-of-use electric water heaters often allowed
- Max size for Junior ADU
- A 2-car garage is nearly always 330 - 450 sq.ft which converts neatly to a studio or one-bedroom unit

< 750 sq.ft

- At 749 sq.ft or less, there are no impact fees are allowed except schools
- Over 750 sq.ft, impact fees are proportional to the size
- At 749 sq.ft, a one-bed is comfortable but a second bedroom or home office could still be added



745 sq.ft ADU  
Walnut Creek, CA

> 800 sq.ft

- Automatic approval for ADUs <800sq.ft, <16'-0" high, and at least 4'-00" from side & rear property lines regardless of other zoning restrictions or what it looks like
- If you cannot fit an 800sq.ft ADU in the side or rear of your property, they must be allowed in the front
- At over 800sq.ft Jurisdictions may enforce: FAR Limits, Lot Coverage caps, Open Space requirements, and Design Standards ie. what it looks like

1,000 -  
1,200 sq.ft

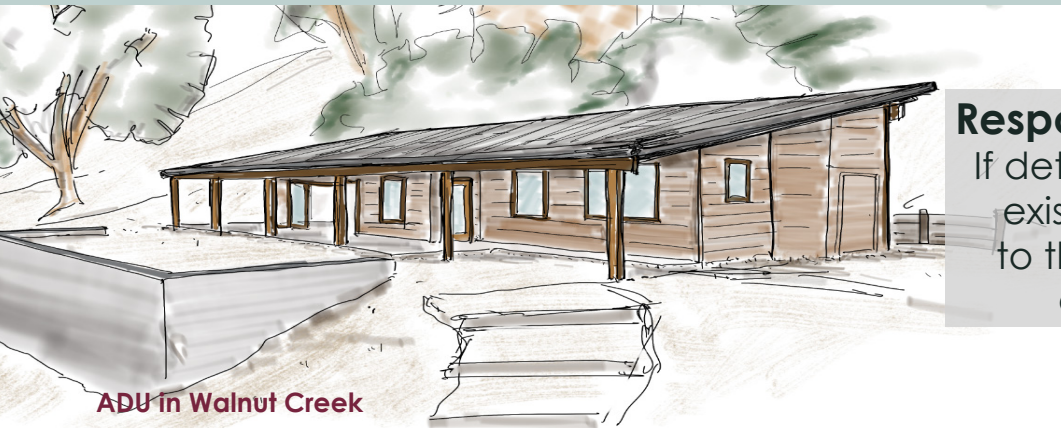
- Most jurisdictions cap the size of an ADU at 1,000 - 1,200 sq.ft (check your local city for clarity)
- Even though 1,200 sf is the legal max, you often can't actually build 1,200 sf because of FAR and Lot Coverage limits, and potentially other local ordinance restrictions

# What should an ADU look like?



Garage Conversion ADU  
Sacramento

**Match the Existing**  
This garage conversion maintains the style of the existing home so that it looks like it always belonged



ADU in Walnut Creek

**Respond to Natural Context**  
If detached enough from the existing home, responding to the natural context is an exciting opportunity



ADU in  
San Francisco



**Respond to Urban Context**  
Take cues from the immediate urban context to build something of its time and place



ADU in Walnut Creek

**Modernize!**  
Nod to what is existing but do so in a way that is modern and feels contemporary

# What costs should I expect?



**Architect** for Design & Coordinating Permitting & other consultants



**Contractor** to Build

+

*(in order of likely necessary; Permit Fees are unavoidable but others, potentially, are)*

**City Permit Fees**  
**Structural Engineer**  
**Land Surveyor**  
**Utility Service Upgrades**  
**Arborist**  
**Civil Engineer**

## How do I fund construction?

### Home Equity Line of Credit

Borrow cash against the value of your existing home with draw-downs as needed

### Home Equity Loan

Similar to a Heloc but with a lump-sum draw down instead of as-needed

### Construction Loan

The loan amount is based the future value of the property once the ADU is complete

### Home Renovation Loan

An all-in-one loan based on the As-Completed value of the home

### Cash-out Refinance Loan

Also similar to a HELOC but this option refinances a current mortgage

### Cash

If liquid funds are available, they could be used for construction and refinanced later



ADU in Clayton

## Can I sell it when it's finished? In many Cities, **Yes!**

San Jose was the first to fully implement AB 1033 which allows homeowners to sell Accessory Dwelling Units (ADUs) separately from the main house as condominiums. Berkeley and San Francisco have since adopted similar programs, with other Bay Area cities studying the option

# What's the cheapest way to build an ADU?



## Convert Existing Space

### **Garages**

- Most two-car garages run 350-400 sq ft — plenty of room for a one-bedroom apartment

### **Workshops**

- Larger workshops can often be converted into two-bedroom ADUs once they are over 650sq.ft, such as the former Home Gym or Shop:

### **Basements & Crawl Spaces**

- Homes on steep slopes may have extra large crawl spaces – where it's often not that much work to do a little extra structural engineering to make at least some of the crawl space habitable
- Basements are also great locations for ADUs once they have the required floor-to-ceiling height of 7'-0".



## Partial Conversion and/or Build an Addition

### **Remodel & Addition**

- If you want to keep your garage or most of your home intact, you could consider a partial conversion and build an addition for your ADU.
- Standard additions often face strict setback requirements from property lines
- ADUs benefit from much more lenient setback requirements though, allowing for more space in your backyard – or even front yard – to be utilized to gain additional habitable square footage.
- Attached ADUs then become an expansion of your home that otherwise might not have been allowed

### **Why Attached is cheaper than Detached**

- Shared existing structure with primary home means some elements just don't need to be built
- Utility runs are likely shorter
- Detached ADUs are State-mandated to have Solar - but attached ADUs do not



## New Construction

### **Prefabricated (and what to use an architect for!)**

- Prefabricated ADUs are cheaper than custom projects but they do come with the limitation of typically being bound by the vendor's design.
- An architect's value then is in tailoring that layout to a Homeowner's need by locating it on your lot so as to optimize for privacy and function

### **Custom Design**

- Custom-built ADUs allow for more tailored layouts and features absolutely optimized for function, lifestyle, and privacy
- Solar panels will be required and the sewer line will need to route around your existing home
- New construction ADUs must be 4' from the side and rear property lines.

# How to Optimize Small Spaces



## Make the Outside Count!

Outdoor Living is one of the great joys of California.

Even a small outside space should be designed as an extension of the living spaces - something particularly important for smaller homes like ADUs.

## Tall Ceilings & Natural Light

Small spaces just don't feel that small if they have breathing room. 9' or 10' ceilings will make smaller areas feel spacious.

Bringing in as much natural light as possible further enhances the space and makes even smaller spaces feel comfortable



## Avoid Hallways

Hallways are often a waste of space!

Enter directly into living space. Align doors so circulation is "borrowed" from rooms.

Ensure all circulation space has a second function, even if it's just for loading laundry!

## Use Right-sized Appliances

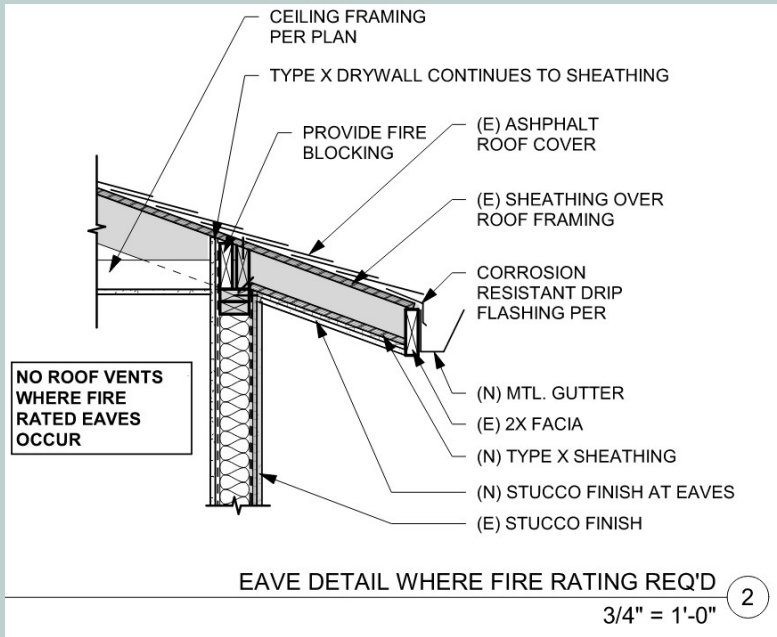
Use smaller but functional appliances such as 2'-0" stoves, "apartment" size fridges, and stacked laundry units



# Let's Get Technical

## What approvals do I need?

Building Department  
Fire Department  
Sanitation Department  
Water Department



### Fire Separation

Attached and detached ADUs less than 10' from the primary residence may need separation detailing

And any walls within 3'-0" of property lines will also need protection

### Sanitation & Water Notes

No separate meters are required for water & sewer but if detached, the sewer line will need to run around the existing home but connect to house line before going to public line.

### Electrical

ADU must have their own 100amp panel which typically means at least 200amps supply to serve the Primary Residence and the ADU.

Solar panels do help meet the required capacity but don't overcome those code required minimums

### Heating & Cooling

Mini-splits are common in ADUs as they save on space, are energy efficient, and provide both heating & cooling.

One key design consideration though is to keep the outdoor unit away from a bedroom as they can be noisy!



# Feasibility Questions

|  |  |
|--|--|
| <b>How Many ADUs Can I have?</b>                           | At least one, often two, sometimes more  |
| <b>Do I need to upgrade my Electrical Service?</b>         | Each dwelling must have 100amp service so the service supply must be 200amps.<br>If an upgrade is need, you should contact your supplier earlier to avoid delays later |
| <b>Do I need to upgrade my Water and/or Sewer Service?</b> | Maybe. For water, it depends on existing capacity, and for sewer that the main line is in good condition.  |
| <b>Do I need separate utility meters?</b>                  | For water, no - but gas & electricity, maybe.<br>The building code does not require two meters but electricity suppliers to when there is a new address                |
| <b>Do ADUs have to be detached?</b>                        | No. They can even be inside your own home  |
| <b>Can my ADU be for family?</b>                           | Yes. ADUs are most successful as a private, but flexible extension a family home.<br>They can also be rented out for > 30 days.  |
| <b>Might the City or my HOA not allow one?</b>             | Only if your home is not zoned for Residential HOAs can opine aesthetic but not much else  |
| <b>Can I sell my finished ADU?</b>                         | In San Jose, Yes! Everywhere else - Maybe!   |
| <b>Do ADUs require parking?</b>                            | JADUs: Parking cannot be required.<br>ADUs: Often one spot, sometimes none<br>ADUs under 500 sq. ft. are broadly exempt  |
| <b>Can I rent out the house and ADU?</b>                   | Yes! Renting both is fine<br>Not allowed for Junior ADUs though  |
| <b>How many consultants do I need?</b>                     | If a conversion, possibly only an Architect<br>If New Construction, also a Structural Engineer   |
| <b>What are the lot set-backs?</b>                         | None if a conversion of existing legal space<br>Otherwise, 4' from side and rear<br>And, possibly allowed in the front setback too                                     |
| <b>Will ADU have it's own official address?</b>            | Yes  |

# Feasibility Questions

**How long does permitting take?**

Jurisdictions are supposed to approve or deny in within 60 days but it is still prudent to budget 3 months for typically required approvals

**Is a Junior ADU cheaper to build?**

**Yes, BUT...**

Deed restriction requiring owner-occupancy  
Maximum size of 500 sq.ft  
Must be converted from existing space

**Can I build more than one ADU?**

**YES!**

Many jurisdictions allow at least two with some mandating one must be either attached or a conversion; and the other being detached

**Can I build over my garage?**

Probably not without structural upgrades which are often prohibitively expensive.  
Height restrictions on ADUs will also be a factor.

**Will an ADU increase my property tax?**

In California, property taxes typically do go whenever a home undergoes new construction process. The increase is generally based on the assessed value added by the new construction — not a reassessment of the entire property.

**What is Title 24?**

Title 24 is an catch-all term for energy efficiency requirements such as whether your ADU is all electric or how much insulation it needs

**Can I be an Owner-Builder?**

Yes, though it requires significant coordination and liability management.

**Why Hire an Architect?**

We design to optimize for the functionality of what you need. We know the permit processes, and can help with project management.



**Talk to Us to Learn More**

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