



# Habitat

Informational Package | Habitat ADU investors



HOW CAN HABITAT HELP?

# Lowest development costs

Habitat does not lose on price, period.

Alternative ADU options are substantially more expensive with unexpected overruns.

|                        | Habitat ADUs   | Stick Built   | Other Prefab Providers                                       |
|------------------------|--|---|--|
| Summary                | Prefab HUD code off-site construction                      | Building on site, usually wood frame construction, standard | Building on site, usually wood frame construction, standard  |
| Budget total           | \$200,000 – \$289,000                                      | \$500,000+ for any detached ADU structure                   | \$350,000+ all in  |
| Budget / sqft timeline | \$250/sqft all in and predictable timeline & costs control | \$450/sqft all in and limited time control                  | \$600/sqft fairly common all in and an uncontrolled timeline |



# Method 1 Replacement Cost

## Habitat ADUs

Build 3 Bedrooms

## Rent

Purchase 3 Bedrooms

Project

Add a pre-fab ADU to an existing property on land you already own.

Acquire a new 3 bedroom condo or home through normal acquisition channels.

Rental income

\$3,000+

\$3,000+

Cost

All in \$250,000 development costs including permitting, foundation, utilities connections and installation.

At least \$600,000 purchase price. However, potentially much higher in most of the Bay Area.

Method 2   Gross Payback Period / Cap Rate

|   | Gross cost  | Rental income                                      | Payback period   |
|---|---|--|--|
| <b>Habitat ADUs</b><br>Build 3 Bedrooms | <b>\$250,000</b> all in<br>Project example assumes a<br>single-family home already<br>under ownership | <b>\$3,000</b> monthly<br><b>\$36,000</b> annually | <b>7 years</b><br>Gross income has paid for<br>all project costs |

NOI / Asset Cost   **10.68% cap rate**  
 $(3000-775) * 12 / \$250,000$

# Method 3 Levered Cash on Cash Returns

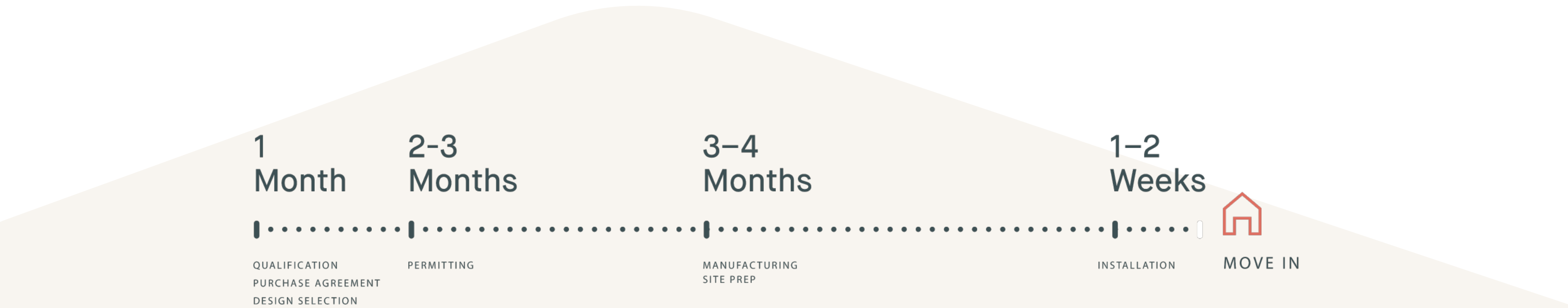
| Assumptions  | Immediate return   | Cash on cash return  |
|--|--|--|
|  |  | 15.80%   |
| <div><div>\$250,000</div><div>Cost to build</div></div>        | <div><div>\$3,000</div><div>Monthly Rental Income</div></div>        |  |
| <div><div>50%</div><div>Down Payment(%)</div></div>            | <div><div>\$579</div><div>Less: Mortgage</div></div>                 | <div>Notes</div>   |
| <div><div>\$125,000</div><div>Capital Required</div></div>     | <div><div>\$775</div><div>Less: Vacancy + Other Expenses</div></div> | <div><ul style="list-style-type: none"><li>• Typical all-in ADU build cost for Model I (3bd 2ba)</li><li>• Cash-out refi from existing equity funds half of project</li><li>• How much money you will need to start</li><li>• This depends on how fast you want to pay off your loan</li><li>• Interest rates are very low right now</li><li>• Oakland average rent is \$,450 per Zumper (June 2020)</li><li>• Adjust as needed based on expected outcomes</li></ul></div> |
| <div><div>30</div><div>Loan Length (years)</div></div>         |  |  |
| <div><div>3.8%</div><div>Interest Rate(%)</div></div>          | <div><div>Monthly net cash generated</div><div>\$1,646</div></div>   |  |
| <div><div>\$3,000</div><div>Monthly Rent</div></div>           | <div><div>\$19,753</div><div>Annual Cash Flow</div></div>            |  |
| <div><div>5.0%</div><div>Vacancy per Year (months)</div></div> | <div><div>\$36,000</div><div>Gross Annual Rent</div></div>           |  |

HOW CAN HABITAT HELP?

Fastest install speeds



# Typical timeline



# Habitat

[aduhabitat.com](http://aduhabitat.com)

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