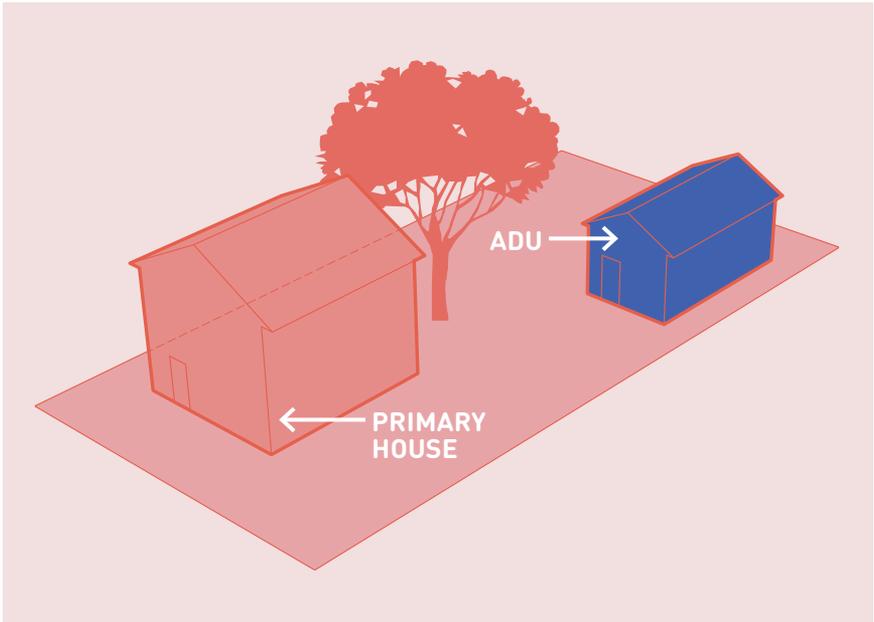


# Want a backyard home?

Are you a homeowner looking for a way to build home equity and get additional cash flow? This **ADU Pilot Program** can help you become a landlord by providing you with an affordable pathway to build a 600sqft rentable ADU (Accessory Dwelling Unit) on your property.



# What is an ADU?



An ADU is an **Accessory Dwelling Unit** — also called a backyard home, in-law unit, or granny flat. An ADU is a secondary residential unit that can be added to a lot with an existing single family home. ADUs are independent rental units that have their own entrances, kitchens, bathrooms, bedrooms, and living rooms. They can be attached or detached units from the primary residence.

# What are the benefits of building more ADUs?

## **INCREASE HOMEOWNER EQUITY**

Building an additional unit on your property can add a stream of rental income. Additionally, building a secondary unit will increase the overall value of your property.

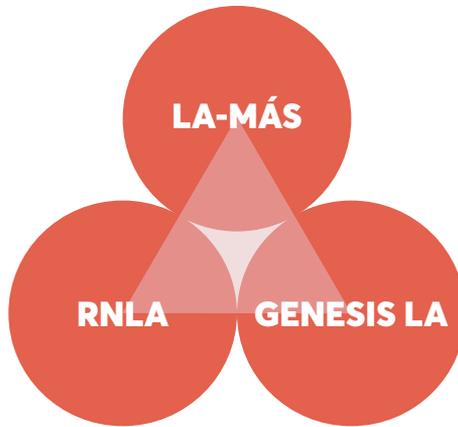
## **SUPPORT AFFORDABLE HOUSING**

Building an ADU is a quicker and more affordable way to build new housing units. Since you own the land, the primary costs are in construction. Since these units are cheaper to build, they can be paid off by renting to tenants below market rate. This in turn increases the amount of affordable housing in the rental market.

## **MAINTAIN NEIGHBORHOOD SCALE**

ADUs are not large-scale developments; they are small-scale and increase housing in neighborhoods without compromising the character of the community. ADUs can also help keep families in their neighborhoods by accommodating adult children living at home, aging parents, or alleviating overcrowded households.

# Program Partners



## LA-MÁS – DESIGN, PERMITTING, MANAGEMENT

LA-Más is a non-profit urban design organization that helps lower-income and underserved communities shape their future through policy and architecture. LA-Más will serve as the project manager and take the lead in design & permitting for each ADU.

## RNLA – CONSTRUCTION

RNLA's (Restore Neighborhoods LA's) mission is to invest in local neighborhoods, improve the built environment, and advance environmental sustainability. RNLA will lead the construction management of each ADU and ensure they are built efficiently and affordably.

## GENESIS LA – FINANCING

Genesis LA's mission is to deliver financial solutions that advance economic and social opportunities in underserved communities. Genesis LA will provide funds to RNLA to cover construction costs.

# What is the ADU Pilot Program?



**WHAT |** The ADU Pilot Program provides design, permitting, construction, and financing services for homeowners throughout LA who would like to build a rentable ADU, but do not have readily available cash or sufficient equity to pay for the construction. This program will help up to three homeowners build a studio or a small one-bedroom ADU with total costs of up to \$125,000.

**WHY |** The process of building an ADU requires a lot of time, expertise, and money to navigate through design, permits, and construction. The traditional financing system for constructing ADUs is not accessible to most homeowners. This Pilot Program will test a new approach that can be expanded next year.

**HOW |** The construction costs will be fronted by the general contractor. After construction, the homeowner will need to qualify for a new loan based on the property value added by the new ADU and this will allow the homeowner to repay RNLA for construction.

# Program Offerings

## **ADU DESIGN & PERMITTING**

We will design the new ADU and secure all necessary permits. These services are built into the total project cost and will remain more affordable than a traditional architecture firm. LA-Más will serve as the architect for each new ADU construction and pull all building permits.

## **PROJECT MANAGEMENT**

Each participating homeowner will have one primary point of contact who will be clear, communicative, and provide top-notch customer service. LA-Más will remain accessible to property owners throughout the duration of the project and provide updates on the status of the project.

## **FINANCING**

The ADU Pilot Program will front-load the cost of design, permitting, and construction (up to \$125,000) for eligible homeowners. Homeowners just have to provide a down payment of 3% of total project cost. After ADU construction is completed, the homeowner will pay back the Program Partners in full through their new mortgage. Our team will work with the homeowner to ensure that the refinancing process is successful.

## **CONSTRUCTION MANAGEMENT**

We will ensure the design intent of the project is carried all the way through the construction of your ADU. Through site observations, field reports, and more, you will stay informed about the progress of construction. RNLA will serve as the general contractor, which means that your construction costs will be streamlined and affordable.

# Who Qualifies?

1. Do you own your home?
2. Is your home a single family house located in an R1 zone and on a flat site?
3. Is your annual income below the median income for a family for four in LA County (\$90,000)?
4. Do you want to add an ADU to your property to rent out for additional income? If not, let us know the intended purpose for the ADU.
5. If you have a garage, would you be willing to convert it into an ADU?
6. Are you currently employed? If not, share with us your source of income or professional field.
7. Are you short on cash to fund construction of an ADU yourself?
8. Does your home have some equity in it, but not enough to refinance now in order to take out cash for construction of an ADU?
9. Do you think your credit is strong enough to qualify for a new loan after the ADU is built?

**If your answers to most of these questions are YES, you could be eligible to participate in the ADU Pilot Program.** See the last page for information about how to get in touch.

# Size + Cost

The ADUs that this Program will help build will be...



## SIZE

- Approximately **600 square feet**

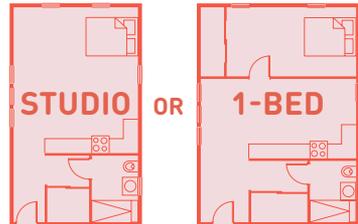
NEW CONSTRUCTION

OR

GARAGE CONVERSION

## TYPE

- **New** construction or a **garage conversion**
- A **studio** or **one bedroom** (including a bathroom, kitchen, and living area)



## COST

- **Total** Design + Permitting + Construction = **\$125,000 or less**



# Timeline

● If you are **interested in participating** in this pilot program, send us an email with your answers to the questions on page 6 by **February 28, 2018**. We will then schedule a phone call and/or site visit with you evaluate if you meet our criteria.

● If you are chosen to participate in the program, we will **sign a contract** outlining all the details of a partnership.

● You will provide **3% down payment** for the total cost of the project. We **front the cost of construction** to build an ADU — which includes all phases of design (1 month), permits (1 month), and construction (6 months) — and you will have a **new rentable unit in approximately 8-10 months**.

● After your ADU is ready to go, you will **refinance your home and pay us back** in full. Your new monthly mortgage should be more than covered by the rent from your ADU, so you may **earn a profit, build equity**, and hopefully provide an **affordable and beautiful home** for your new tenant.

**GET IN TOUCH  
TO LEARN MORE**

If you are interested in participating and believe you are an eligible homeowner, please send your responses to the questions on Page 6 to:

**LA-Más**

Alejandro Dobie-Gonzalez

[alejandromas@mas.la](mailto:alejandromas@mas.la)

323.392.7951

[www.mas.la](http://www.mas.la)



**RNLA**