

ADU FEASIBILITY REPORT · 2026

Detached ADU in California

600 sq ft · Mid-Range · May 28, 2026



Your Project Inputs

Location	California	ADU Type	Detached ADU
Size	600 sq ft	Finish Level	Mid-Range
Est. Monthly Rent	\$2,200/mo	Financing	HELOC @ 7.5%
Timeline	6–12 months	Primary Goal	Long-term Rental



ADU Feasibility Score

86/100
STRONG PROJECT

Cost Feasibility	Good
Rental Demand	Strong
Permit Complexity	Complex
ROI Potential	Excellent
Cash Flow	Positive

Score is based on estimated construction cost, projected rental demand, financing assumptions, permit complexity, and cash flow potential. Not a guarantee of project success.

TOTAL ESTIMATED COST

Report ID

ADU-2026-5694

\$188,590

Range: \$166K – \$226K · \$314/sq ft

LOW END

\$166K

-12%

ESTIMATE

\$189K

base

HIGH END

\$226K

+20%

Base Construction (600 sq ft)

\$180,090

Permits & Fees (California)

\$8,500

TOTAL (excl. contingency)	\$188,590
<i>+ Recommended contingency (10–15%): \$18,859 – \$28,289</i>	

 **Estimated Monthly Cash Flow**

Projected Rent	\$2,200
HELOC Payment	– \$1,519
Maintenance Reserve (5%)	– \$110
Vacancy Reserve (5%)	– \$110
Insurance / Tax Allowance (7%)	– \$154

Estimated Net Cash Flow **+\$307/mo**

Break-Even Rent **\$1,893/mo**
 Minimum rent to cover financing + reserves

Estimates based on 5% maintenance, 5% vacancy, and 7% insurance/tax reserves. Actual results may vary.



Market & Location Analysis

CALIFORNIA ADU MARKET OVERVIEW

California's housing shortage continues driving strong ADU rental demand, with 600 sq ft units particularly appealing to young professionals and downsizers. Your projected \$2,200 monthly rent appears competitive for mid-quality detached ADUs in most California markets.

MARKET STRENGTHS:

- ✓ Strong rental demand across California metro areas
- ✓ State legislation supports ADU development
- ✓ Detached units offer privacy premium over attached ADUs
- ✓ 600 sq ft size appeals to broad renter demographic

LOCATION CONSIDERATIONS:

- Research local rental comps within 1-mile radius
- Verify neighborhood rental trends and vacancy rates
- Consider proximity to transit, employment centers, and amenities
- Evaluate parking requirements and street accessibility

- ⚠ Rental rates vary dramatically between California regions — from \$1,500 in Central Valley to \$3,500+ in Bay Area. Confirm your local market supports the projected \$2,200 rent before proceeding. Consider seasonal variations and local economic factors that could impact long-term rental demand.



Full Cost Breakdown

TOTAL
\$188,590
 excl. contingency

\$/SQ FT
\$314
 California

PERMIT
\$8,500
 estimate

TOTAL PROJECT INVESTMENT: \$188,590

CONSTRUCTION & MATERIALS (≈\$150,000):

- Foundation and site prep: \$18,000–\$25,000
- Framing and structural: \$22,000–\$28,000
- Electrical and plumbing rough-in: \$15,000–\$20,000
- Insulation and drywall: \$12,000–\$16,000
- Flooring (luxury vinyl/laminate): \$8,000–\$12,000
- Kitchen and bathroom: \$25,000–\$35,000
- Windows, doors, exterior: \$20,000–\$28,000
- HVAC system: \$8,000–\$12,000
- Interior finishes and paint: \$8,000–\$12,000

PERMITS & PROFESSIONAL FEES (≈\$25,000):

- Design and architectural plans: \$8,000–\$12,000
- Permit fees: \$5,000–\$10,000
- Structural engineering: \$2,000–\$4,000
- Utility connections: \$3,000–\$8,000

SOFT COSTS (≈\$13,590):

- Project management and inspections
- Temporary utilities and site costs
- Insurance and financing fees

Add a 10–15% contingency reserve (\$18,859–\$28,289) to your budget — not included in the base estimate above.



ROI & 5-Year Income Projection

CASH-ON-CASH ROI

10.5%
annually

PAYBACK PERIOD

9.5 YRS
to break even

MONTHLY RENT

\$2,200
California

HELOC PAYMENT

\$1,519/mo
7.5% · 20yr

PROJECTED FINANCIAL PERFORMANCE

MONTHLY CASH FLOW ANALYSIS:

- Estimated monthly rent: \$2,200
- HELOC payment (7.5%): \$1,519
- Property taxes/insurance: \$250–\$350
- Maintenance reserve: \$100–\$150
- Net estimated cash flow: \$307/month

5-YEAR INCOME PROJECTION:

Assuming 3% annual rent increases and 95% occupancy, this ADU may generate:

- Year 1: \$24,948 gross rent
- Year 3: \$26,498 gross rent
- Year 5: \$28,159 gross rent
- Total 5-year gross: \$128,500–\$135,000

INVESTMENT METRICS:

- Projected ROI: 10.5% annually
- Estimated payback period: 9.5 years
- Break-even monthly rent: \$1,893

⚠ These projections are estimates based on current market conditions. Actual returns may vary significantly due to vacancy periods, maintenance costs, market fluctuations, and interest rate changes. Consider consulting a financial advisor to evaluate how this investment fits your overall portfolio and risk tolerance.



Permit & Zoning Guide

CALIFORNIA ADU REGULATIONS

State law generally supports streamlined ADU approvals, though local implementation varies. Most jurisdictions allow detached ADUs up to 1,200 sq ft, making your 600 sq ft unit compliant in most areas.

TYPICAL PERMIT PROCESS:

- ✓ Submit plans to local planning department
- ✓ Building permit review (30–60 days typical)
- ✓ Utility connection approvals
- ✓ Required inspections during construction

COMMON REQUIREMENTS:

- Setback minimums (typically 4–10 feet)
- Maximum height restrictions (16–20 feet)
- Parking provisions (may be waived near transit)
- Fire safety and accessibility standards
- Utility capacity verification

EXPECTED TIMELINE:

- Plan development: 4–8 weeks
- Permit approval: 6–12 weeks
- Construction: 16–24 weeks

- ⚠ Requirements vary by city and county — verify with your local planning department before proceeding. Some areas have additional design standards, environmental reviews, or neighbor notification requirements that could extend timelines or increase costs.



Construction Timeline & Tips

6-12 MONTH CONSTRUCTION TIMELINE

PRE-CONSTRUCTION (MONTHS 1-2):

- Finalize architectural plans and engineering
- Submit permit applications
- Select licensed general contractor
- Secure financing and insurance

CONSTRUCTION PHASE (MONTHS 3-7):

- Site preparation and foundation: 2–3 weeks
- Framing and roofing: 3–4 weeks
- Mechanical rough-in: 2–3 weeks
- Insulation and drywall: 3–4 weeks
- Flooring and interior finishes: 4–6 weeks
- Final inspections and cleanup: 1–2 weeks

CONTRACTOR SELECTION TIPS:

- ✓ Verify California license and ADU experience
- ✓ Check references from recent ADU projects
- ✓ Obtain 3 detailed bids for comparison
- ✓ Confirm insurance coverage and bonding

COST CONTROL STRATEGIES:





- Lock in material costs early when possible
- Plan for California building code requirements
- Schedule inspections promptly to avoid delays
- Monitor progress weekly and maintain communication

- ⚠ California construction costs can fluctuate significantly. Weather delays, permit revisions, and material availability may extend your timeline.





Risk Factors & Red Flags

FINANCIAL & MARKET RISKS




CONSTRUCTION COST OVERRUNS:

-  California labor costs continue rising 5–8% annually
-  Material price volatility can impact budget
-  Soil conditions or utility upgrades may require additional work
-  Permit delays extend carrying costs

RENTAL MARKET RISKS:

-  Economic downturn could reduce rental demand
-  New housing supply may impact rental rates
-  Tenant turnover costs (cleaning, repairs, vacancy)
-  Rising property taxes and insurance costs

FINANCING CONSIDERATIONS:

-  HELOC rates subject to change (currently 7.5%)
-  Property value fluctuations affect available credit
-  Interest-only payments may increase over time

RED FLAGS TO AVOID:

- Contractors without proper licensing or ADU experience
- Unusually low bids that seem too good to be true
- Skipping permit process to save money
- Insufficient contingency budget planning

Local laws, permit requirements, and market conditions vary significantly. This report provides general guidance only. Always consult local planning departments, licensed contractors, and financial advisors before making investment decisions.


ADU Permit Checklist — California

Use this checklist when working with your city/county planning department. Requirements vary by jurisdiction — always verify locally.

Confirm ADU eligibility with city/county planning dept

Check setback rules (front, rear, side yards)

- Confirm maximum ADU size and height limits
- Verify utility connection requirements and fees
- Prepare site plan (survey recommended)
- Prepare floor plan and elevation drawings
- Get structural drawings if required
- Submit complete building permit package
- Schedule required inspections (framing, MEP, final)
- Obtain certificate of occupancy

 Permit requirements vary by city and county. Always verify with your local planning department before proceeding.

Contractor Quote Comparison

Always get at least 3 bids. Prices vary 15–25% between contractors.

	Contractor A	Contractor B	Contractor C
Base Bid (\$)	—	—	—
Timeline (months)	—	—	—
What's Included	—	—	—
What's Excluded	—	—	—
Warranty	—	—	—
ADU Experience	—	—	—
License Verified	—	—	—
References Checked	—	—	—










Questions to Ask Before Hiring

Ask every contractor these questions. Red flag: vague or evasive answers.

- 1 Have you built detached ADUs in this city/county before?
- 2 Are utility connections (water, sewer, electric) included in your bid?
- 3 What is specifically excluded from your estimate?
- 4 How do you handle change orders — process and pricing?
- 5 Who manages permits and inspections on your end?
- 6 Is landscaping and site cleanup included?
- 7 What is your payment schedule?
- 8 What warranty do you provide on labor and materials?



Your Next Steps

-  Confirm zoning & ADU eligibility with your city/county
-  Get a site survey and preliminary site plan
-  Request 2–3 contractor quotes (use comparison template above)
-  Confirm utility connection availability and fees
-  Add 10–15% contingency to your budget
-  Submit permit application with complete plans
-  Secure financing (HELOC, construction loan, or cash)
-  Compare rent comps in your neighborhood
-  Break ground — confirm milestones with contractor

MORE FROM COSTTOBUILDHOUSE

Go deeper on your project



Full Construction Cost Report

14-category new home build cost for your ZIP code. Includes ADU rough-in plumbing and electrical — plan it together and save 15–25% vs adding later.

\$19.99

[Get Report →](#)



Permit Intelligence Report

Goes beyond this report's general checklist. Includes exact county-level fees, typical rejection reasons, required document list, and timeline by jurisdiction.

\$9.99

[Get Report →](#)



Contractor Bid Analyzer

Paste your actual contractor quote and get a line-by-line market comparison against 2026 RSMeans rates — plus a negotiation script and red flag detector.

\$29.99

[Get Report →](#)

⚠ Disclaimer: This report is based on 2026 RSMeans construction data and regional market averages. Actual costs may vary 15–25% depending on site conditions, contractor pricing, and material availability. ROI projections and cash flow estimates are illustrative only — not financial guarantees. Rental income, vacancy rates, and expenses will vary. Always verify permit requirements, zoning rules, and rental market conditions with local authorities and licensed professionals before making any investment decisions.