Scaling ADU’s

Steve Vallejos - CEO

prefabADU
About me:

Steve Vallejos - CEO of prefabADU & Valley Home Development

• 30yrs in construction
• Building ADU’s with prefab since 2006
• Built over 300 ADU’s to date
• Actively building 12-24 at a time
• Designing 40-60 units at a time
• 1200 units 2021 goal

“Becky” plan build
Understanding the process:

DESIGN  PERMIT  BUILD

All necessary but each process could be improved
Product and process improvements:

**DESIGN**
- Standardize plans & features
- Limit scope (know your market)
- Map out process

**PERMIT**
- Pre-approve plans locally
- State approved plans (Panelized, MODULAR & Manufactured)
- Planning & building department checklists (beyond application checklist)

**BUILD**
- Standard plans & finishes
- Factory built homes and kits
- Test new technology & methods

GOAL - increase affordable ADU builds while decreasing staff workload!!
Pre-approved plans:

*Insight from nations #1 ADU builder!!*

Hiring a consultant to do consumer outreach
 +
Doing an RFP for pre-approved ADU designs
 +
Spending money on advertising solution
 =
Wasted time, money & failure with consumer

Outreach + Opulent design ⇨ Success
Right way to determine solutions:

### PROPERTY FARM SEARCH FOR ADU'S

<table>
<thead>
<tr>
<th>City</th>
<th>Total parcels</th>
<th>0-3000</th>
<th>3001-5000</th>
<th>5001-7000</th>
<th>7001-10000</th>
<th>10001-21780</th>
<th>21781-99999</th>
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<tr>
<td>Sacramento</td>
<td>190313</td>
<td>9942</td>
<td>26684</td>
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<td>43788</td>
<td>22536</td>
<td>3810</td>
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<td>San Jose</td>
<td>99999</td>
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<td>288</td>
<td>524</td>
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<td>1004</td>
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<td>Oakland</td>
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<td>2324</td>
<td>4406</td>
<td>7384</td>
<td>1500</td>
<td>488</td>
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<td>El Dorado</td>
<td>50135</td>
<td>896</td>
<td>6112</td>
<td>23412</td>
<td>14801</td>
<td>3818</td>
<td>1161</td>
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</table>

No solutions like this in the market!!

### prefabADU pricing - (Sacramento Value Analysis)

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Plan Size</th>
<th>Kit Price</th>
<th>Full build Price*</th>
<th>Market Rent</th>
<th>Payment**</th>
<th>Cash Flow</th>
<th>% Pos.</th>
<th>Note ***</th>
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<tbody>
<tr>
<td>Micro 150</td>
<td>150</td>
<td>$15,500</td>
<td>$56,000</td>
<td>$1,395</td>
<td>$252.00</td>
<td>$1,143.00</td>
<td>82%</td>
<td>below 30% AMI req.</td>
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<tr>
<td>Micro 180</td>
<td>180</td>
<td>$15,000</td>
<td>$55,000</td>
<td>$1,895</td>
<td>$252.00</td>
<td>$1,143.00</td>
<td>82%</td>
<td>below 30% AMI req.</td>
</tr>
<tr>
<td>Micro 240</td>
<td>240</td>
<td>$15,000</td>
<td>$55,000</td>
<td>$1,995</td>
<td>$252.00</td>
<td>$1,143.00</td>
<td>82%</td>
<td>below 30% AMI req.</td>
</tr>
<tr>
<td>Becky</td>
<td>288</td>
<td>$28,400</td>
<td>$110,880</td>
<td>$1,395</td>
<td>$252.00</td>
<td>$1,143.00</td>
<td>82%</td>
<td>below 30% AMI req.</td>
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<tr>
<td>Elizabeth</td>
<td>300</td>
<td>$38,100</td>
<td>$119,910</td>
<td>$1,995</td>
<td>$252.00</td>
<td>$1,143.00</td>
<td>82%</td>
<td>below 30% AMI req.</td>
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<tr>
<td>Jake</td>
<td>390</td>
<td>$33,500</td>
<td>$113,910</td>
<td>$1,895</td>
<td>$252.00</td>
<td>$1,143.00</td>
<td>82%</td>
<td>below 30% AMI req.</td>
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<tr>
<td>Pete</td>
<td>451</td>
<td>$37,800</td>
<td>$110,120</td>
<td>$2,450</td>
<td>$425.00</td>
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<td>Andy</td>
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<td>$45,500</td>
<td>$220,525</td>
<td>$2,050</td>
<td>$812.00</td>
<td>$1,208.00</td>
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<td>David</td>
<td>640</td>
<td>$48,370</td>
<td>$153,970</td>
<td>$2,495</td>
<td>$893.00</td>
<td>$602.00</td>
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<td>Julie</td>
<td>700</td>
<td>$48,700</td>
<td>$145,650</td>
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<td>$2,362.00</td>
<td>$654.00</td>
<td>33%</td>
<td>below 70% AMI req.</td>
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</tbody>
</table>

*Build price is based on Kit plus Valley Home Development/Local ADU delivery & finish
**Payment is based on 80% build price added to 1st mortgage (assumes refinanced 30yr. @ 3.92% int. rate)
***AMI amount pulled from Sacramento Housing and Redevelopment Agency Assisted Rental Housing 7/1/2020 Rev Income and Rent Limit Table

Work everywhere work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots work in sweet spots
Pre-approved plans we’re using:

ELISABETH 300sqft

JAKE 390sqft

DAVID 640sqft
Where the rubber meets the road:

CONVENTIONAL

Design
$20,000 & 3months
Architect & Eng

Permit process
+4 months
Designer or Home Owner

Build
+$400/sq & 6months
Local Contractor

13 months+ & $276,000+

prefabADU

Design
$9,800 & 30 days
prefabADU

Permit process
3 months
prefabADU

Build
$345/sq & 3months
prefabADU

7 months & $230,600
46% time savings & 17% sales savings

Pre-approved plans

Design
$2,800 & 1 week
prefabADU

Permit process
1 weeks
prefabADU

Build
$345/sq & 10 weeks
prefabADU

3 months & $223,600
77% time savings, 19% sales savings compared to conventional method

Example is based on a 640sqft ADU build with pre-approved plans, our efforts to assist cities in expediting plan check process, efficiencies gained prefab construction and standardized finish options.
Thanks for your time!