

PROJECT MANAGER

Someone will need to manage the construction process. This includes hiring subcontractors for electrical and plumbing, coordinating construction, managing scheduling, making payments, working with the city on permits, and more. If you hire a design/build firm (see page ## for more information), you will not need to hire a separate person or company when you get to the construction phase. If not, you'll either need to hire a general contractor or manage the project yourself.

Often, people who are their own general contractors have a difficult and unpleasant time. Many people believe that because they have experience managing a kitchen renovation or adding an addition that they will be able to save money by being their own general contractor. But it's important to recognize that building an ADU is more akin to building an entire house than a renovation, and there are many more possibilities for costly and time-consuming mistakes and delays. From securing permits to dealing with PG&E, the process is challenging and best left to those with extensive experience. The Getting Bids and Hiring Your Contractor sections of this chapter will take you through the process of finding and hiring a general contractor.

Some homeowners choose to retain the services of their designer during construction, or they hire a construction manager or owner's representative who represents and advocates for the homeowner through the process. Having an expert who assists with contract negotiation, payment schedules, quality checks, project timing, working with the city and other regulatory agencies, and more can be valuable to a homeowner who is unfamiliar with these processes. Though it may cost more up front, some homeowners will come out ahead because their project was better managed and/or because of the rental income they would have lost to a delayed project.

BUILDING COSTS

Construction costs for your second unit will vary significantly depending on personal preferences, site conditions, location, and many other factors. Similar to asking what an average wedding will cost, it's impossible to give an accurate estimate without some specifics and an understanding of your preferences. The cost to develop a second unit typically ranges from \$30,000 for a simple interior conversion to \$500,000+ for a large unit with high-end finishes on a hillside lot. Cost per square foot is a good way to estimate, though this too can range from \$200–\$800 per square foot depending on the complexity and design finish of the project. Generally, most projects are between \$300–\$550 per square foot, and \$450 per square foot is a good starting estimate for an average project.

Despite what many think, smaller units are not necessarily significantly cheaper because construction costs are not directly proportional to the size of the unit. There are many costs that must be included in all second units— particularly the foundation, kitchen and bathroom(s)—with marginal increases for larger size units. Each bathroom generally costs \$15,000–\$25,000, and the kitchen is generally \$25,000–\$50,000.

The type of ADU you build will also impact costs. While costs will depend mostly on the specifics of your project design, some types of ADUs are generally less costly to construct than others. New construction of both detached and attached ADUs tends to be the most expensive. Conversions of interior space (basement or otherwise) can be much cheaper—assuming no complex building code or structural issues exist—because much of the structure for the ADU is in place (walls, floors, ceilings, etc.). If allowed, two-story units can generally be built at a lower cost per square foot because only one foundation and one roof are needed. Garage conversions are often no cheaper or not much cheaper than new construction because these structures usually need significant work to be brought up to code, and the shell of a building (walls, foundation, roof) are not the most expensive parts of construction. Common challenges include redoing the foundation, replacing the floor so a vapor barrier can be added, replacing the windows, insulating, etc.

Similarly, modular or prefab ADUs are often not much less than new construction. This is due to taxes, delivery charges and additional work that is needed like putting the foundation in place.

Placing all your plumbing, such as kitchen and bathroom pipes, on the same side or in the same wall, especially on multiple floors, will save you money during construction.



Green Building

Contact your local building department to review adopted green building criteria for more information on green building materials, water conservation, solar photovoltaic systems, electric vehicle chargers, and more.

Worried about high construction costs?

If the construction costs of building an ADU are too high, consider home sharing or converting interior space into an ADU. Home sharing requires no construction, but brings in rental income. The cost to convert interior space into a JADU is often much lower than other types of construction, so this can be a great option if cost is a barrier. See page 5 for more information.

Photo: New Avenue Homes

There are many other factors that will impact costs, including:

- Quality of interior finish work and amenities
- Architectural form and details
- Extent of utility, structural, mechanical, electrical, and plumbing upgrades required
- Required ancillary upgrades (sidewalk frontages, sewer and water upgrades, etc.)
- Whether sprinklers are required
- Whether doors and windows meet emergency exit standards
- Lot complexity (slope, trees, fault lines, etc.)

Many homeowners wonder if fire sprinklers are required. In general, sprinklers are only required in an ADU if the primary dwelling is required to have sprinklers. However, new construction or projects that add significant square footage may trigger a requirement for sprinklers. It's best to discuss your specific situation early on with your city to determine if you need sprinklers.



Photo: iStock

GETTING BIDS

FAQ

How do I find a contractor?

To get bids, you will use the construction drawings your designer completed (see Section x). You'll want to be specific about what the bid should include, and be clear on which costs are covered *and which are not*. If you did not have complete construction drawings prepared (just drawings for planning), it is even more important to know what assumptions the contractors are making. You should also ask the contractor to include their license and insurance information, references, examples of past work, and a proposed schedule in their bid. Make sure you are asking each contractor to bid on the exact same specifications, so the bids are comparable.

Once you have figured out what you are asking the contractors to bid on, you will need to come up with a list of professionals to ask for

bids. Ask friends, family, neighbors, and any homeowners who completed a construction project for recommendations of good local professionals. Your designer may also have recommendations of people they have worked with in the past. You can also conduct your own research to find professionals who might be a good fit.

Contractors with ADU experience can be an asset to the project. However, ADU construction is often similar to other residential construction, so past work on ADUs shouldn't be an absolute requirement. Once you have your list, contact and request bids from your top choices. You will want to get at least three bids for comparison.

SELECTING A CONTRACTOR

When you have at least three bids, you can begin the selection process. First, make sure you understand all the details of the bids and, if necessary, ask the contractors any clarifying questions. While it may be tempting, selecting the lowest bid is not always the best decision. Generally, there is a trade-off between experience and cost; less expensive builders will have less experience, while those with more experience can charge more. You will need to decide what level of experience you are comfortable with in relation to when they can start your project and overall costs. You will want to check the contractor's references by reaching out to them directly. If possible, you should see photographs of the referenced projects. Some of the questions for references you may want to ask include:

- What was their overall experience like?
- Were they satisfied with the work?
- Was the project completed on time and within budget?
- What are the contractor's communication skills like?
- Is there anything they wished they had known before hiring the contractor?

Finally, you will want to consider your personal experience with the contractor, their communication style, whether you feel like you will work well together, and whether they understand your goals. Similarly to when you selected your architect, you want to find someone who fits well with you and with whom you have chemistry. You will need to weigh the fit with costs, past experience, references' experience, and other factors to decide the best fit for your project.

Department of Consumer Affairs Resources

The California Department of Consumer Affairs is a great resource when it comes to selecting a contractor. They have resources on hiring, checking the status of a contractor's license, negotiating a clear contract, and resolving disputes. Check out their online resources at www.cslb.ca.gov/consumers.



HIRING YOUR CONTRACTOR

Before you hire your contractor, make sure to check their license and insurance. You can verify the contractor's license by calling the Contractors' State License Board at (800) 321-2752 or check on the web at www.cslb.ca.gov. Verify insurance by requesting a certification of insurance or by calling the contractor's insurance agent. Make sure workers' compensation, property damage, and liability are included. Your contractor will most likely present you with a contract to formalize your agreement. Alternatively, you can present your own written agreement, though this is less common. Review the entire agreement carefully to make sure you understand and are okay with everything. Also, make sure you understand how contingencies and added work will be handled. The contract should address the following:

- Contractor's license number, name, and address
- Total project cost and payment schedule
- Start date and timeline
- List of work to be accomplished and materials to be used
- Work to be subcontracted (if any)
- Specific terms about what constitutes substantial completion of work
- Any special requests (such as saving scrap lumber, bricks, or homeowner "sweat equity")
- The terms of warranties
- Whether there is a cancellation penalty
- A provision requiring the contractor to obtain lien releases from all subcontractors and suppliers (to protect the homeowner if a subcontractor claims they weren't paid)
- Plan for cleanup and removal of material and debris
- Requirements for protecting property and landscaping
- Areas where materials may or may not be stored
- Instructions regarding children or pets
- Notations about what costs are not covered

The payment schedule should be a dated plan that shows when you will make payments based on construction completion milestones. For example, you might pay 20% after the building enclosure is complete, 25% once the exterior finish carpentry is complete, etc. California law requires that no more than 10% or \$1,000 be paid up front, whichever is less, and it's generally a good practice to withhold 10% of the total project cost until all work and inspections are completed. Do not sign the contract until you fully understand and agree with all the terms.



Photo: Propel Studio



DURING CONSTRUCTION

Once your contract is signed, your contractor will start work according to the schedule you agreed upon. It's a good idea to have your designer, yourself, and your contractor go through the work in detail as your contractor may have questions and may suggest construction cost savings related to the design of your ADU. Your contractor will lead the construction process, but you have the following responsibilities during the process:

Communicate Keep in touch with your contractor and ideally set up a schedule for checking in.

Monitor Regularly walk through the construction area to monitor the quality of the work and to make sure the work is progressing the way you expect.

Decide Be prepared to make decisions about the details—light fixtures, appliances, and other materials—in a timely manner so your contractor can stay on schedule.

Adjust Follow the contract you agreed to, including any changes as described specifically in a change order form.

Photo: Timbre Architecture

Inspect Although your contractor will usually arrange the required city or utility inspections, it is your responsibility as property owner to make sure that the inspections are conducted as required.

Traditional construction will take 6-12 months, though this will vary depending on the specifics of the project. Stages of construction include:

Site preparation	1-2 months
Foundation	1 month
Walls, roof, doors	1-2 months
Plumbing & electrical	1-2 months
Insulation & drywall	1/2-1 month
Fixtures & finishes	1-2 months
Final touches	1/2-2 months

Any changes to the original agreement should be reflected in a change order form signed by both you and the contractor. Change order forms describe the specific change and any corresponding change to the project price or timeline. Changes to size, height, position, or outside finish could require review by the city. During construction, your ADU will be inspected multiple times to ensure it is being built according to the permitted plans. Typical inspection points include building, plumbing, mechanical, electrical codes, and sometimes fire, water, or public works. You will also need to apply for an address for your ADU—check with your city as the exact process varies by location. The building permit (which must be posted on-site) will state the required inspections and the order in which they should be performed.

These estimates are for traditional construction—prefab will typically be faster.



Photo: Timbre Architecture