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Nadeska Alexis:

Hi, I'm Nadeska and you're checking out season two of Beginner to Buyer. Beginner to Buyer is powered by Chase Home Lending and you can get helpful tools and resources to buy your first home by visiting beginnertobuyer.com.

It was a lot of fun hearing from the Scott Brothers on our last episode because as usual, they shared some great advice for tackling home renovation projects. Now, maybe you're ready to take on the challenge of a big renovation and especially one that could potentially generate some extra income for you.

So this time we're going to learn what an ADU is and how to make your home work for you. Keelan Sears and his partner Amy, are working on building out an income-generating ADU at their home in Denver, Colorado. But before we get to that, let's listen to their unique strategy for buying their first home.

Keelan Sears:

So before we bought this house, we were actually living in an RV, and before that we were living in an apartment. And at a certain point, and I think everybody has this experience, but when you're living in an apartment, you realize that your money is going nowhere.

You have this moment where you're just like, wow, this is just vanishing into thin air and we're really frustrated with that. So we didn't have enough money at that time for a house, and so we were trying to think of any way that we could basically have a living situation where we're putting money away. And this was kind of the height of the van life craze.

And so we decided to buy an RV. We bought an Airstream, a 28-foot Airstream, that was from like 2010, so it wasn't insanely expensive. And we started retrofitting it with solar panels, a mobile wifi router and modem, so that basically if we were to sell it, somebody would be able to use this to work from the road, which at the time was kind of the thing.

So our whole plan was to live in that for, basically, the life of the loan, pay off the RV, and then use that as a down payment for a house.

It turned out that within a year we had put enough money into our loan and made enough on basically the modifications that we made to the RV that we had enough for a down payment within a year. So our plan to buy a home actually just came a lot sooner than we thought.

Nadeska Alexis:

Wow, in a year. That is really, really impressive. And what was it like actually living in the RV for that year? I'm sure you were able to lower some of your costs. Did you actually enjoy it though?

Keelan Sears:

Oh, we loved it. Yeah.

Nadeska Alexis:

Awesome.

Keelan Sears:

Yeah, I think we were surprised by how expensive it was just with things breaking on the road. You're definitely saving money by paying off a much smaller loan, month-to-month, but there's definitely a lot of stuff that breaks on the road.

But that kind of all just added to the adventure and I think the whole experience of living small was really special and it makes you a lot more conscious about your impact on the Earth and your consumption of resources.

Nadeska Alexis:

When it came now to selling the RV and starting to look for your home, was that seamless? Did you already have a home, like an offer accepted, and you were able to move right in or was there an interim period?

Keelan Sears:

There was an interim period and got to thank both of our moms, both Amy's mom and dad and my mom and dad for housing us during the interim. We're very fortunate to have parents that had an extra room that we could use, and so we basically stayed with them and sold the RV, immediately started the house hunt.

So it was relatively seamless, but I think there was some overlap that we couldn't avoid and we were just fortunate enough to be able to utilize our parents there.

Nadeska Alexis:

It's good to hear about the overlap. I think it's good for people who are in situations where they feel like it should be a super seamless transition and it doesn't work out like that. I definitely slept on my mom's couch for three months when I was trying to close on my first apartment because there were issues, but as long as it worked out.

So now tell me a little bit about the process of actually searching for your home. Did you feel at that point financially really confident going in? And what was your list of must-haves and things that you were willing to compromise on, both for you and for Amy?

Keelan Sears:

I don't think we were super financially confident going in. I think at that point we were aware that there were first time homeowner programs available and there are certain stipulations that allowed you to put less money down upfront if you were a first time homeowner.

But outside of that, it was still kind of a big jump and not much of a contingency plan other than let's get this house, make sure that there's some way we can capitalize on it in the future.

Nadeska Alexis:

So did you have a pretty realistic list then of what you would be able to afford then? Were you able to maybe talk to a home lending advisor? Who helped you figure out what made sense for you?

Keelan Sears:

Yeah, we used our real estate agent, Jason, and he was super helpful here. Jason's just a super nice guy and he was really helpful through the whole process. Our criteria going in was like, okay, let's get a place that we could rent a bedroom, at least one bedroom on Airbnb.

So in an emergency situation, if it turns out we can't cover the mortgage or there's, I don't know, a surprise expense with a roof or something like that, we can basically make some extra income. And I think that that was, at the time, our only priority. And I think that naturally turned into, okay. Location is everything if you want to rent something, so let's focus on location.

Nadeska Alexis:

So you and your partner were specifically looking for a house also zoned to have that accessory dwelling unit where you could rent out like you mentioned, for some extra income? So then you got lucky and really found a property that fit the bill then.

Keelan Sears:

Yeah, that was the middle of the housing search is where Jason was like, "Hey, a lot of these places are zoned for ADUs," and it kind of like this light bulb went off and we're like, okay. Let's look for houses that are zoned for ADUs.

And that was when, probably a few houses after we found this one, and we go, okay. Yeah, this is zoned for an ADU, it's got a garage build. It looks like somebody already started the process of building an ADU and they were just panic selling it.

And so it was a little hard to tell why they were selling it and why they accepted the first offer on the house and still some debate there about what that impetus was, but this one was already zoned for an ADU.

Nadeska Alexis:

Okay. So tell me now what happened after you guys purchased the property. So I'm assuming with zoning that means there's permits required, the city needs to weigh in. So once you moved in, were there any surprises or were you then just able to maybe continue working on that ADU?

Keelan Sears:

Yeah. So the permitting history was really confusing on this house. It was clear that there were multiple permits opened for different things, but none of them were closed out and we just didn't know why.

So there was definitely some risk that we were taking on by buying this house, for sure. And our real estate agent was pretty upfront about that. We bought it anyways, and once we started looking into it, it turned out that because none of these permits had been closed out, it wasn't even a legal garage at that point.

And we didn't actually start the process until a year later of looking into building an ADU, or finishing this ADU. That's when we realized that it's not even a legal garage. So then started conversations with the city basically saying, how do we do this legally? And going through that process with them, which has been a bit of a headache.

Nadeska Alexis:

Is it a learn-as-you-go situation or have you still been able to work with that realtor? Do you have any support here?

Keelan Sears:

After we decided we wanted to do the ADU, we started looking for a design agency that specifically did ADUs. And so we found a firm here in Denver, a design firm, and basically pitched them and they said, yeah, we can definitely make this work. There's a few hoops we're going to have to jump here, but it's definitely doable.

Nadeska Alexis:

Okay. And how has that... Financially then, how has that been working out? Have you had to pay for more permits in terms of actually constructing that ADU? What is that costing you?

Keelan Sears:

Yeah, so definitely a bit of money up front. I'd say we're probably $12,000 in the hole, as far as architect costs, I think it's been worth it, just in terms of them handling all the communications with the city and really piloting the permitting process.

And I think that they did such a great job on our permits. That was really something that helped the city see the potential of our ADU.

Nadeska Alexis:

It's great that you got help. I think dealing with codes and permits and those kinds of things can really make your head spin if you're not experienced, so it's nice that you got professional help.

And did you and your partner decide to take out any loans to help you cover some of this, or are you just dipping in your savings to do this?

Keelan Sears:

No, and I'm not sure whether or not that was a mistake. We've talked about this. Should we have taken out a loan to cover the architect costs? And we did took out a significant amount of our savings, so a little bit undecided as to what our strategy should have been there.

To a degree, I think it would've been helpful taking out a loan to cover those costs so that we had the free cash on hand just for emergency funds and stuff like that. But then on the other hand, now we're not paying any interest on outstanding loans.

Nadeska Alexis:

Do you feel pressure to stick to a certain timeline necessarily? I mean, obviously the thought there was really to have this as a rental unit, right? I'm assuming to help you offset your current mortgage?

Keelan Sears:

Well, yeah. So part of the problem here is once you open permits with the city, you have to start work within one year. And luckily it's been taking a crazy amount of time to get these permits. I think we're over a year in after trying to get these permits, and we still don't have them yet.

But once you get awarded the permit, you have a year to start work. So we are kind of constrained by time and we are really hoping that we'd be able to use equity in our current home because of the current housing market to pay for the project. But I don't think that we're going to be able to cover it just with a home equity loan.

Nadeska Alexis:

Okay, so you're still looking for... I guess if you had to say your concerns at the moment, it's still figuring out the best way to finance the ADU development.

Keelan Sears:

Yeah. Yep. I think that's kind of our current dilemma.

Nadeska Alexis:

Before deciding to buy a property where you can have an ADU, you and Amy sat down and maybe at least give yourselves a rough idea of what that return on investment might be?

Keelan Sears:

Yeah, that was something that we were thinking about as soon as we bought the house, looking at a studio apartment in Denver and just averaging it around our area within two or three miles and figuring out what that rent was. And then looking online at basically mortgage calculators and looking at payments and best and worst case scenarios.

So at their worst advertised interest rate, what would our payment be? And at the best case. And we kind of figured, hey. At the worst case scenario, if it were at least covering the mortgage or second mortgage or loan payment on the ADU, then that makes sense because then we essentially just have somebody paying the loan on this appreciating asset.

So that was kind of our thought process going in as far as covering finances.

Nadeska Alexis:

And it's a good thought process. Although you're in a difficult stage right now, I think an undertaking like this usually ends up being challenging, but I'm sure even by your calculations, it still seems like it's absolutely going to be worth it at the end of the day, right?

You're just looking for a little bit of guidance.

Keelan Sears:

Yep. Exactly.

Nadeska Alexis:

Okay. Well, Keelan, I think it's really just amazing how you and your partner have approached this situation. I think, especially in such a tough market, a lot of people just look out there and say, well, sorry, I don't have the budget for this. I just can't do it.

I love that you guys took the approach of living in an RV and selling that and slowly upgrading. It seems like you're really on the right path.

So with all of the things that you've been through to get to this point, what would you say that home ownership really means to you and to Amy?

Keelan Sears:

I think home ownership means to me and Amy financial independence in a current climate where that's really hard to attain. And I think this has been our most creative endeavor, and I would say to other people out there as well, be aggressive, because we live in a world that is maybe not catered to those of us that are not making a lot of money.

So get creative, be financially aggressive while you're young, while you can do it. And I think Amy would support me there.

Amy, I love you. You were totally right.

Nadeska Alexis:

Thank you so much for sharing your story, and I'm going to check in with our experts and be back with some answers for you and Amy.

Keelan Sears:

For sure. Yeah, thank you.

Nadeska Alexis:

There are so many things to consider before taking on a project like an ADU. It's important to understand the local planning and building requirements, the potential return on an investment, and even what it takes to be a landlord. Lots of fun stuff.

So we brought in an expert to help us sort through all of that information. Kol Peterson works with ADU Specialists, an organization that offers training to industry professionals.

So a lot of first time home buyers are learning a lot of new terms along the way. And one of the terms that they may be hearing pretty often and for the first time is an accessory dwelling unit. Can you tell us what that means?

Kol Peterson:

Sure. An accessory dwelling unit has many synonyms. There's probably 60 or more synonyms in the US. Granny flat, in-law suite, mother-in-law unit, backyard cottage. All of them kind of imply the same thing, but they're secondary housing units on traditionally single family home lots.

And so they can come in a variety of different structural forms, but it's a standalone free unit along with a primary residence.

Nadeska Alexis:

So as you just outlined, something I didn't really think about, there are a lot of synonyms for it. So that means there are then multiple benefits to having an ADU on your property?

Kol Peterson:

There's a lot of different motivations of why people might want to build an ADU, but conventionally there's two dominant motivations. One is for extended living space for multi-generational households. And the second is additional rental income.

And so it's usually those two motivations that comprise the variety of reasons why people are interested in building ADUs. And it's oftentimes both of those reasons over a period of time. So somebody might want a extended space for their mom to come live with them while they're raising a child, but then ultimately their mom doesn't want to live on their property or something like that.

And so they plan to eventually rent it out until their kid gets older, at which point maybe the teenage child would merit having an additional space on the property so that the mom can tele-work. And then eventually the parents don't want to be in their cities full time, so they begin to rent out the primary house and move into the ADU so they can snowbird in Arizona or whatever.

Nadeska Alexis:

A lot of flexibility, indeed. And you mentioned the word freestanding before, so is an ADU always built separately from the main home?

Kol Peterson:

No, not always. In fact, in large parts of the East Coast, in Massachusetts for example, you cannot build a detached freestanding ADU for the most part. Now, that is not a good idea from a municipal code perspective to require that the ADU be attached or be [inaudible 00:17:26] the primary house.

But no, you can definitely have different structural forms of ADUs. Like in Portland or pretty much the whole West Coast, you can have any form of ADU, whether it's a detached free-standing ADU, an ADU above a garage, an ADU above a workshop, a garage conversion ADU, an internal ADU like a basement conversion ADU, or an attic conversion ADU.

But that sometimes will vary depending on the jurisdiction's codes.

Nadeska Alexis:

What if someone already owns a home and wants to build an ADU or convert a space into an ADU? What kind of things should you consider in that situation?

Kol Peterson:

There's a lot of consideration. So number one, does your jurisdiction allow accessory dwelling units? Number two, what are the codes? And oftentimes, unfortunately, most of the country, the entire East coast I would say for the most part, has pretty poor ADU codes.

So I do a lot of education advocacy for jurisdictions, legislatures that are interested in adopting better codes because so much of the country has such bad codes for ADUs. But in any case, the truth is, even if ADU codes are bad, people are building ADUs anyway.

For example, in New York City, Washington DC, Boston, people are building tens of thousands of these things, but they're just not legal. They're building them, they're doing basement conversions, and there's tens of thousands of these things in every major city in the country. But they're not legally permitted as ADUs.

So in any case, not to distract from your question, but that's just the reality. So on the West Coast where you can build ADUs, say the regulations are good, then the next question becomes, can you afford to build this thing? Maybe you can afford to build an internal conversion ADU because you have a garage, so you can convert that structure and that's going to cost $125,000.

But you cannot afford to build a detached freestanding ADU, which will cost $250,000. So depending on the cost, what kind of access to capital that you have, that would perhaps influence what type of accessory dwelling unit you'd be able to build.

And then from that point, then you start to get into what is the sequence of steps that you need to take in order to actually achieve building this ADU? If you're going to do an internal conversion, you might go right to a builder. If you're going to do a detached construction, you might find a design build company or a builder who can give you an estimate of what it might cost. And that would hone in the scope of whether you're going to do a 400-square foot thing or an 800-square foot thing.

And then you go to an architect and then you go to the city and inquire about whether the proposed idea is going to work within the codes. And then you can start with the design process. And then you get through three months of design, three months of permitting, six months of construction.

So it's a big... I'm not going to sugarcoat this. This is a very major, major project. The most major project of people's lives other than having a child, probably.

Nadeska Alexis:

Wow. Well, yeah, I was going to ask you what is the average cost of building an ADU? But as you outline, there's so many different versions of it, it's hard to pick a cost.

So let's talk a little bit about the timeline. If you're someone who's considering this in order to make additional income, how much time should you be roughly factoring in to make this happen?

Kol Peterson:

Well, let's go back to the cost for one second. So if we're talking about an apples to apples freestanding, detached, new construction in the West Coast market, in Portland, a new construction ADU might cost $225,000. Whereas in San Francisco, a new construction detached ADU might cost a starting point of $300,000.

In the Midwest, it might cost a starting point of $160,000. So it all depends on where you are and which influences the billable... How much per hour you're paying for contractors. So the cost, there is a way to reconcile, understand what the cost might be for a detached new construction ADU.

When you're talking about a conversion ADU, then there's a lot of variables. It could be $5,000 if it's a really simple finished space, but you're converting to an ADU. Or it could be maybe $125,000.

So there is a way to wrap your head around cost, but it takes some education about what form of ADU you're going to build and what you're starting off with.

Nadeska Alexis:

That makes sense. And then the timeline varies depending on your city and permit rules, et cetera?

Kol Peterson:

The timeline is... Like cost does vary depending on what type of ADU you're building. So if you're doing a conversion of an existing habitable space, like a basement that already has everything that you need, maybe it's only going to be a couple months to do the construction.

If it's a new construction ADU, six months to nine months of construction time. But the permitting time is going to probably be roughly three months on average across the country. And then the design time might be about three months. So we're talking about a year to a year and a half for a homeowner to execute the plan of building an ADU if they're going at full speed, that is to say if they're not dilly dialing at all.

It could certainly take three years if people are taking their time, which a lot of people do because it's not a small endeavor and people need to somehow... Imagine this. You come to me and you say, "I want to build an ADU in my backyard."

And I say, "Nadeska, do you have enough capital to do this? Do you have $300,000?"

And you're like, "No."

And I say, "Okay. Well, you're going to need to get a construction loan. In order to get a construction loan, you need to prove that you have more income, which means that you have to change the way you're doing your bookkeeping and accounting for a period of two tax years so that you can show enough reportable income to generate enough income to show that your debt to income ratio will be adequate for a bank to give you a construction loan."

And then at that point, then you can consider starting the process of doing the ADU. So that could take easily two years just to get the financing worked out such that you can begin the process, because you don't want to start this process unless you actually have the money to execute on it.

As you can imagine, this is an expensive endeavor. You don't want to start down the road, build a foundation, and realize you don't have the capital to finish it out.

Nadeska Alexis:

Absolutely. So if you're looking at this as a source of additional income, you have to factor in the money and the time it will take.

And so you mentioned construction loans. Is that the only way that you can finance this type of renovation? Are there any housing grants available, for example?

Kol Peterson:

Housing grants available. In fact, construction loans only represent about two to 5% of how people are building ADUs. Most people are using a variety of different... A mix of what I call, there's five different buckets of funding that people access that is cash in one way or another.

Loans from family or friends, like personal loans. There's credit card debt, there's home equity lines of credit, and cash at refinancing, which is a big bucket. That's where if you have accrued equity on the property on which you live, you can dip into that additional evaluation, the increased valuation of your property, and access that money in order to build ADU.

Then you can get non-secure lines of credit, that is personal loans from banks that are secured against your personal wealth, so to speak, if you have stocks that you can lend against. And then there's also construction loans which are more difficult, and those are typically local banks and credit unions that do that work. But that's kind of the least popular approach because there's some red tape and difficulty in administratively getting those types of loans.

Nadeska Alexis:

Okay. So anywhere you look at it, you're going to need a pretty sizable investment up upfront. So if you are looking at this for income, do you have any advice on determining whether it's worth it or what the income potential could actually be on the ADU after you invest all of that money?

Kol Peterson:

Yeah, there's definitely some ways to think about it. So the best return on investment is going to be for the least expensive ADU you build, obviously, because you can generate more rental or you can generate the same amount of rental income roughly for a less expensive project. So therefore the timeline would be less.

So if you did a conversion of an existing structure like a basement or a garage that was viable, that is to say it was structurally viable. It didn't have leaks, mildew, mold, rot. It could be legally converted from a zoning perspective. Then you can get a pretty good return on investment, maybe two to five years depending on how you look at the increased....

If you're looking at the increased property value as a result of ADU, then the timeline becomes less. And in terms of how much time it takes to pay for it. If you're not including the increased valuation of the property, then the timeline is going to be longer.

And then for detached construction ADU, I'd say eight to 12 years, if you're not including the increased valuation of the improvement. If you're including that increased valuation, then it's going to be four to six years for it to pay for itself.

Nadeska Alexis:

Okay. And so, if you've made all of these calculations and still decided that it makes sense for you to move forward, what are some of the things that you might want to consider when deciding to use an ADU for additional income?

Once it's fully set up and you are a landlord, for example, it's your first time being a landlord. There are things that you want to keep front of mind.

Kol Peterson:

If you're doing this and you're doing it for rental income, then you're going to be a landlord. And so you should become familiar with what is involved with that. They call it passive income, and that's for a reason. Because it's not that hard to be a landlord, to be honest. You just have to know what the legal parameters of being a landlord are.

And, of course, you're going to have to do maintenance on not one dwelling, but two dwellings, and you're going to be potentially sharing a property with another household. So you have to be mindful of who's going to park where if you only have limited amounts of parking. Or who's going to store their bikes and lawnmowers where on the property if you've converted your garage. Where are you going to store your bikes, your canoes, your garbage cans, your suitcases? So you might want to build another shed in which to house these long-term storage needs on a property.

So there's definitely some considerations that should be thought of. But for the most part, if you are able to get through the process of building an ADU, which is not a small endeavor, the actual ownership land-lording part of it is pretty easy, all things considered.

Nadeska Alexis:

Figuring out where to store the canoe, you're saying, is not the most stressful part of having an ADU?

Kol Peterson:

Definitely most stressful part is bleeding $10,000 a day for various improvements that you need to make when you have to buy a whole set of new appliances and you're like, oh my God. I didn't realize appliances cost $10,000. I didn't realize counters cost $5,000. I didn't realize the sink faucet is going to cost $700.

You're doing this day after day after day after day after day, and you're like, I've never spent this much money in my life. That is the stressful part of building an ADU.

Nadeska Alexis:

Absolutely. And once you've made it through all of that and tax season rolls around, what does that mean for that additional income you've earned with your ADU?

Kol Peterson:

So taxes, there's a good side and bad side. So when you're spending all this money, let's say you build a $200,000 structure on your property. If you're going to use that for rental income, you can actually depreciate the value of that improvement. So $200,000 written off over 27 and a half years on a depreciation schedule means you can knock off $6,000 a month off or $600 a year off of your rental income. So that's the positive side.

The negative side is that your property taxes will go up when you build an ADU, in that and you've increased the value of your property in the eyes of the assessor, and therefore your taxes will go up accordingly. So there's a pro and a con to it. But all that is offset by the fact that you're getting, if you're renting it out, you're making quite a bit of money off of this unit.

So it's difficult, again, just cost to speculate what the rental income potential of an ADU is. But in our market in Portland, a garage conversion ADU would rent out for like $1,500 a month, an 800 square foot detach of construction ADU would rent out for like $2,200 a month. That sounds like potatoes if you're in San Francisco.

But of course in San Francisco, 400 square foot ADU would rent out for $2,300 a month, 800 square foot ADU would rent out for at least $3000. So it all depends on your market and what you could get in that market. The best way to determine that is to look on Craigslist essentially and figure out what a one bedroom apartment in your area would go for. And that's roughly what an ADU would generate in terms of rental income.

Nadeska Alexis:

Okay. I'm glad you mentioned Craigslist. So there's different ways obviously to go about renting out in ADU, and you can also consider having a long-term tenant, like we mentioned, being an actual landlord. Or you could do short-term rentals through Airbnb, for example.

So what advice would you give in terms of weighing those two things and how to approach each scenario?

Kol Peterson:

With the Airbnb one first, which is a little bit more complicated in that you have to start with what the city allows. In our city, for example, in all of California where ADUs are really popular, the biggest markets for ADUs right now are on the West Coast.

And that's because the regulations are really good on the West Coast because statewide legislation has required them to be really good. And in those two markets, or at least in California, you can't do short-term rentals. That is to say you cannot do an Airbnb on your ADU.

And so, a lot of jurisdictions will say, you can't do an Airbnb if you're going to do an ADU. And so therefore, you can't do that. But you can't do a long-term rental. And the difference in long-term rental and the difference between the Airbnb or short-term rental and a long-term rental is if you rent it out for 30 days or less, it's a short-term rental. If you rent it out for 30 days or more, it's a long-term rental.

So a lot of people are predisposed to thinking about Airbnb, but you can't necessarily do it. Now if you can do it, then the question becomes are you willing to go through the lack of predictability that comes along with a short-term rental? And so, you can generate a lot of rental income from an Airbnb, but you can also not make anything.

If you happen to suffer through a worldwide pandemic where nobody's allowed to travel, for example, all of a sudden you're not going to be able to rent out your housing unit to a short-term rental guest because there are no short-term rental guests. Or if you jurisdiction says you can't do short-term rental anymore, then all of a sudden you're stuck with the unit that isn't renting.

However, if you are able to rent it out as a short-term rental and it is a good market and there is a lot of tourism and you're a good host and you get good ratings, then yes, you can make pretty good money on Airbnb.

And the benefit of an Airbnb is that not only can you create pretty good rental income, but you can also use the structure as you wish when it's not being rented out on Airbnb. So people sometimes think about that option if, for example, they have a parent who help funded the ADU so that they could have a place to live when they are visiting their child who has now grandchildren and they want to come in for two months a year.

And then 10 months of the year, they don't want to live there. So that that's kind of a combination where it's like, oh yeah, let's just Airbnb it when it's not being used by Grandma.

Nadeska Alexis:

Okay, great. So Kol, you broke down a lot for us here. It's so much great information.

So essentially, in ADU, it can be a great source of additional income, it can be great for the in-laws, it gives you a lot of flexibility, but it may not necessarily be for everyone.

Timing, of course, is a big factor because as you mentioned, you have to put up a lot of money. So I guess, generally, what advice would you give to someone who's thinking about this for the very, very first time?

What is the quickest way to just figure out if this might make sense for you or not?

Kol Peterson:

II help run an ADU specialist designation, which you can google ADUspecialists.org, and there's a list of accredited real estate professionals, designers, and builders, all of whom have been through a class and take an exam that show that they know their stuff about ADUs.

So maybe reach out to a local real estate professional in your area to determine whether they can help you with determining whether an ADU is potentially feasible for you or not. So there's my long-winded answer to your relatively simple question.

Nadeska Alexis:

Well, no. Thank you. As you pointed out, nothing here is really, really simple, so I appreciate you giving us so much great information to work with.

Kol, thank you for your time.

Kol Peterson:

You're welcome.

Nadeska Alexis:

So, on this episode, we learned that investing in an ADU is not so simple as our homeowner, Keelan, found out. But I hope that at this point, his biggest worry is where to store his canoe, and that now his return on the investment for his ADU is starting to pay off.

Maybe you're at the point in your home ownership journey where you have some financial flexibility to consider owning an investment property. So next time, I'm going to ask Alexis Hart McDowell about how to plan for that. Until then, you can learn more by visiting beginnertobuyer.com and consider revisiting the first season of the show as a review.

Beginner to Buyer was created by Magnet Media and Chase Home Lending. Our executive producers are Ashley Bobo and Akash Vaswani. Our lead producer is Pamela Lawrence and our media editor is Matthew DiPietro.

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