

ADU Fee, Cost, and Cash Flow Estimator Instructions

The ADU Fee, Cost and Cash Flow Estimator is a three-step financial planning tool developed by Santa Cruz County. The tool is composed of three linked worksheets.

PLEASE NOTE: THE ESTIMATOR IS PROGRAMMED TO WORK ON THE COUNTY'S WEBSITE AND MAY NOT WORK CORRECTLY IF SAVED TO A PERSONAL COMPUTER.

Step 1: Fee Estimator

The Fee Estimator is a customized version of a tool that is available to all project types (not just ADUs) that estimates permit and impact fees charged by Santa Cruz County based on project scope. ADUs have different fees compared to other types of projects, so the County has customized a fee estimator specifically for ADU projects. The more information you can enter about your project, the more accurate the estimate will be. However, note that actual fees may be somewhat lower or higher than the estimate based on site-specific information that is not incorporated into the tool.

Fee Estimator Instructions

Line 7 (APN)

Enter the Assessor Parcel Number on Line 7 (enter your address [HERE](#) to find this number). The tool will not calculate fees without an APN.

Based on the APN, on lines 8 – 11, the tool shows what school district, planning area and flood control district the project is located in. It also reveals whether the project is within the urban services line.

Lines 13-14 (Does the project involve new square footage? ...a New Construction ADU?)

For both lines, enter "Y" for New Construction ADUs, "N" for Conversion ADUs.

Line 15 (Existing square footage)

Enter the square footage of your home, including all floors of the primary residence.

Line 16 (Addition or New Construction ADU)

Enter any new square footage associated with the ADU. If your project includes new square footage that is not associated with an ADU, please use the County's [Residential Building Permit Fee Estimate Worksheet](#) to accurately calculate fees.

Lines 17-18 (Conversion ADU)

Enter ADU square footage on Line 17 (living area conversion to ADU) and/or Line 18 (garage or storage area conversion to ADU). If your project involves conversion from a combination of habitable and non-habitable space, enter the square footage of each space. If your project involves both new square footage and conversion square footage, enter the square footage for each of these types of space on lines 16-18.

Line 19 (Interior Remodel Square Footage [not part of ADU])

If your project involves an interior remodel of the main house that is not part of an ADU, enter that remodel square footage here.

Line 20 (Number of New Bedrooms)

Enter number of new bedrooms created. For conversion ADUs, if an area not previously used as a bedroom is being converted to a bedroom, that counts as a new bedroom even though there is no new square footage.

Lines 21-31 (other project components)

If your project includes other components, such as a new garage or deck, enter the square footage on the appropriate line. There may be additional permit fees associated with these various project components.

A NUMBER MUST BE ENTERED FOR ALL SQUARE FOOTAGES. ENTER "0" FOR PROJECT COMPONENTS THAT DO NOT APPLY TO YOUR PROJECT.

Line 32 (Project Requires a Soils Report)

Choosing "Y" here causes the Fee Estimator to calculate a Soils Report Review Fee of \$1,573. Most ADUs will not require a soils report, but if you are building on a slope or have other special soil conditions on site, a report may be required. Conversion ADUs from habitable space are not likely to require a soils report because a report was prepared when the original home was built. All other ADU builders should apply for a soils report waiver, at a cost of \$594. If a waiver cannot be granted, that fee will be applied to the Soils Report Review Fee of \$1,573.

Line 34 (Estimated Total County Permit Fee)

This is the total estimated County permit fees for the project. This number auto-populates into the "Step 2 – Cost Estimator" worksheet. **If your ADU is 640 square feet or less, planning permit fees are waived** (due to Santa Cruz County three-year pilot program in effect 2019-2021). **If your ADU is less than 750 square feet, impact fees are waived** (due to new state laws in effect in 2020).

Lines 36-65 (Fee Estimate Summary)

This summary indicates all the County fees estimated for the project, with two totals at the bottom: the total due at application submittal and the total overall cost (due at issuance of building permits). Line 64 is a repeat of Line 34.

Notes

Footnotes below the table provide key information that may be helpful in understanding why fees do or do not apply to your ADU project.

Step 2: Cost Estimator

ADU construction involves three types of costs: hard costs, soft costs, and permits and fees. Hard costs are site improvements, building materials, and contractor costs associated with constructing the ADU. Soft costs are all the costs leading up to construction. Permits and fees include County fees and special district fees.

Cost Estimator Instructions

Lines 7-14 (Hard Costs)

You may either itemize costs associated with construction in cells F7 – F13, or if a contractor has provided a bid for constructing your ADU, you may enter that lump sum bid in cell F14 instead. Cells E11 – E13 allow you to itemize customized costs associated with your project.

Lines 17-23 (Soft Costs: Design)

Enter costs associated with design, including fees paid to an architect to prepare plans, fees paid to a geotechnical engineer to prepare structural drawings, and any other design professional fees. Cells E21 – E23 allow you to write in customized design costs associated with your project.

Lines 26-32 (Soft Costs: Studies)

Enter costs associated with special studies for your project. The most common studies required will be a Soils Report prepared to determine structural requirements for your project, and a Title 24 Energy Analysis to ensure that your project's design meets California's energy efficiency requirements. Septic analysis is required if you live outside the urban services line and are not connected to a sewer system. An archaeological report may be required if the project involves grading. Cells E30 – E32 allow you to write in customized studies associated with your project.

Line 37 (County Fees)

The estimated total County permit fee from the Step 1: Fee Estimator worksheet auto-populates here.

Lines 39 – 41 (Special District Fees)

Your property may be located in a certain fire protection district, water district, or sewer/sanitation district; most of these fees are calculated automatically in Step 1: Fee Estimator but for certain special districts you may need to use the County's [Financing Guide](#) or contact your special districts directly to determine the appropriate fees.

Line 45 (Estimated Total Cost of ADU Construction)

Cell F45 adds soft costs, hard costs, and permits and fees together. This value auto-populates into the "Step 3 – Cash Flow Estimator" worksheet.

Step 3: Cash Flow Estimator

If you plan to rent your ADU, use the cash flow estimator to determine if your anticipated rental income will be enough to offset monthly payments and result in a positive monthly cash flow.

Cash Flow Estimator Instructions

Line 7 (Down Payment)

Enter the amount you expect to be able to pay out of pocket to build the ADU. Line 9 (Loan Amount) subtracts this down payment from the ADU Project Cost.

Lines 9 - 11 (Loan Term, Annual Interest Rate, Monthly Insurance)

Enter your expected loan term, interest rate and monthly insurance. Chapters 6 and 7 of the Financing Guide provide a good starting point to thinking about these factors.

Lines 12 - 13 (Monthly Maintenance Costs, Monthly Rental Income)

Enter your expected monthly rent and regular maintenance costs.

Line 16 (Number of bedrooms)

Enter the number of bedrooms in your ADU. A studio counts as 0 bedrooms. The rent level thresholds to qualify for County affordable housing programs are linked to the number of bedrooms.

Rents that are affordable to households earning equal to or less than 70% of area median income (average income for Santa Cruz County) cause the property to qualify for the County's ADU forgivable loan program.

Qualifying rent levels for Section 8 vouchers are dependent on zip code; average thresholds are presented and a link is provided to exact thresholds by zip code: <https://www.hacosantacruz.org/wp-content/uploads/2017/04/050702-SC-Payment-Standards-10.02.2019.pdf>

Cash Flow Estimator Output

After you have completed the "Inputs" table, the "Cash Flow" table presents monthly and annual cash flow in cells J11 and K11. If these numbers are positive, then money in (rental income) is greater than money out (mortgage payments, insurance, maintenance) and the ADU is a profitable investment. If these numbers are negative, then you may need to change some of the numbers on the "Inputs" table until you see a positive cash flow.

