

TRG 56 Transcript

Nichole Stohler

What if you could be doing something smarter with your money that creates income right now? If you're an IT professional who's wanting to get ahead financially and enjoy greater freedom of choice, and if you wondered who else in tech is creating ways to make their money work for them? You want actionable ideas with honest pros and cons and no fluff. Welcome to The Richer Geek Podcast. We're helping IT professionals find creative ways to build wealth and financial freedom. I'm your host, Nichole Stohler and in this podcast, you'll hear from others who are already doing these things and learn how you can too.

Welcome back to The Richer Geek Podcast. I ran a series of episodes around accessory dwelling units or ADUs. Now, the concept is to add these small units to existing properties. Depending on the state and the city where you live, you could either add these to existing rental properties to effectively increase rental income by having more units, or find a way for your primary residence to actually make money for you by adding an ad you episodes 34 through 37 included to experts in the ad space as well as to people in tech, who build ad use and come share a little bit about their experience. Today's guest reached out to me looking to share more with all of you about his company, which builds prefab at us and offers a turnkey solution in the California market. For those not in California looking into prefab at us could be an interesting approach. We haven't covered that topic before and the information that he shares might assist you in your research. Saliq Hussaini is co founder of an ADUs startup in the Bay Area and Los Angeles called Shilo and his company works with prefab components they provide factory level precision and they install the unit in half the time of traditional construction. Shilo is paired 2ith an experienced architect and builder to carry out their vision in the ADU space, let's go ahead and jump in to the show. Saliq, welcome to the show!

Saliq Hussaini

Hi, thank you so much for having me.

Nichole Stohler

I'm very excited about this topic. We ran an ADU series earlier, but you reached out and I think it is so cool the approach that you're taking right now specifically for the California market. So tell us about your company, and how you got into the space.

Saliq Hussaini

So our company is called Shilo and we build prefab accessory dwelling units in the Bay Area in Los Angeles currently, and a few team members of my mind we studied at UC Santa Barbara and came across the accessory dwelling unit industry. And one were fascinated by how it can add housing stock to areas that really desperately needed and living in California. That's absolutely the case. And secondly, we saw that building an ad you on your own it's it's pretty tough. You know, it's a second job for many homeowners doing construction is, you know, can be chaotic and really complicated and vary across different municipalities. And so we wanted to make a centralized system for helping homeowners build accessory dwelling units. And we then

teamed up with an architect named Ahmad Mosab, who's the president of tech associates, an architectural firm based in SF in Los Angeles, as well as David Weiss, who's formerly the president of develop smart construction, and most recently worked on the restaurant division of the new warriors chase center. And we all share the vision of being able to apply prefab technology to building accessory dwelling units, and really making the process much simpler than having a homeowner doing it all on their own. So we really believe we're the one stop shop for accessory dwelling units, and we want to jumpstart the industry as much as we can.

Nichole Stohler

This is such a great approach you're taking and I was going to ask the problems that you're trying to solve. You covered a lot of this, you talked about, you know, making the process easier for the homeowner. And you also talked about adding housing stocks, like the overall problem is affordable housing. And then people are looking for solutions. Tell us a little bit about what that process looks like if someone were to work with you.

Saliq Hussaini

Yeah, absolutely. So first, the homeowner provides their address, and we also get an understanding of their project goals, how large you're trying to build, what's the purpose of the accessory dwelling unit, so on and so forth. And from there, we conduct a site survey. So it's really important to get on site and take a look at the MEP systems. How is the sewage gonna work, utility, where is it best to place the ad for privacy sake, so on and so forth. And we then sit down with the homeowner and start designing the accessory dwelling unit so we have some stock floor plans and provide some level of customization, especially aesthetically on the exterior and interior. And the way that prefab works is we actually build most of the components off site. So this is all happening in a different facility while the site work and foundation is being set up at the homeowners site. And so this actually allows for us to build the accessory dwelling unit 30 to 50% faster than traditional construction. For my understanding, traditional construction will take maybe a year for us, it should be in that six to seven month range. And that's from design all the way until installation. And so we then flat pack our unit and ship it to the homeowner sites and then crane it into the individual's backyard and assemble it within about three weeks to a month. And so this allows for reducing the amount of construction noise and general chaos that can happen in a backyard when you're building an ad you and as I said earlier, it makes the process quicker which if you're using this as an investment property to get rental income from an earlier date. And so along the way, we also help with, you know, getting financing partners involved or teaming up with a solar panel producer. And so that way we're really a end to end solution for an accessory dwelling unit.

Nichole Stohler

Here's something I read about on your website where you talked about relationships that you have to kind of fast track the permitting process and I thought there's such huge value in that because if you're going out as a as a homeowner on your own, that's got to be seems like to me just kind of a nightmare.

Saliq Hussaini

Yeah, no doubt. No doubt. It can be tough. You having to wait in line and i think it's it's really like you're not even sure which questions to ask when you get there, especially if you're in construction. So we're constantly attending events in San Jose, the Los Angeles area, San Mateo, speaking with city planning departments to stay up to date and provide the most accurate information to homeowners, um, cities are really, you know, encouraging this. And that puts us in a lot better position.

Nichole Stohler

So something that you mentioned to you talked about that you can be manufacturing the home off site. And in the meantime, foundation and other pieces can go in. Do you help coordinate that piece of it as well?

Saliq Hussaini

Yes, absolutely. Our contracting team takes care of the foundation, whether it be a concrete slab, or helical piers, which you can envision almost giant screws being drilled into the ground. And this allows for kind of quicker foundation setup. But yeah, we coordinate the entire process from foundation all the way until preparing it and finishing it and getting it ready for certificate of occupancy.

Nichole Stohler

It seems to me like it's a turnkey solution essentially for for ad use. And then and you're asking the question of the home owner what their overall objectives is are they looking to have rental income? Are they looking maybe multi generational? Whatever their reason for the ad, you know, let's say they're, they're brand new and they have this idea that they want to rent out this property, but they've never, they've never rent a property. Do you also connect them with Did you some resources for like property management or what they might want to do?

Saliq Hussaini

Oh, yeah, absolutely. We have property management companies that we're partnered with. Because Yeah, being a landlord for the first time. It's not necessarily easy. But a huge reason why people build, like you said, is for that investment opportunity. It's pretty crazy. In San Mateo, one of our target markets, you can build a 700 square foot unit two bedroom, one bath and rents it up for upwards of 30 \$200. And so the rental market and the base, it's, it's pretty insane. It makes my personal cost of living a little too high, but it's great in regards to building these types of units and for the money that You're putting in you're not going to necessarily get the same returns and different investment markets, especially in real estate, and especially if you already own the land and half the empty backyard space.

Nichole Stohler

So the empty backyard space, can you tell us in a at a high level, how big does that need to be?

Saliq Hussaini

Sure, uh, we've seen ad use as small as 250 to 300 square feet in studio size. The setbacks from the rear on the side in California are only four feet, which means you can really push up along

the sides of that backyard lawn, and as recent as 2020. They've gotten rid of the minimum lot size so you don't actually need a specific lot size minimum to build an add on it. As long as you have some ample backyard space, you can build a detached granny flat or guest home.

Nichole Stohler

That is interesting and very different compared to other cities were with the zoning and the rules. There are certain size specifications Now on your website you also talk about you can help with a design to match the main house. So it's not like so I think prefab sometimes and I'm thinking like, you know slidy it just like this sort of. Yeah. attractive. I mean just calling it like I think in my mind Oh unattractive square box that doesn't match the main house but but you guys can actually. I mean the designs are actually beautiful on the website.

Saliq Hussaini

Thank you, appreciate that. Yeah, we use hardy panels on our exterior. So if you want to match the color with the primary residence, you can absolutely do that. And that gets kind of taken care of in the design phase, where we really want this to be an extension of the homeowners primary residence, but with because it looks a lot nicer to be honest, and it's an accessory it's supposed to match the character of the neighborhood. Of course if the homeowner wants something that really stands out, we can provide that as well. But But yeah, prefab I think has come a long way over the past few decades. And it's no longer the Sears catalog manufactured home, it's transitioned in really beautiful structures.

Nichole Stohler

And what do you see as the typical cost then for ad use?

Saliq Hussaini

I think it ranges in that \$300 to \$400. A square foot range. This also depends on your square footage. The most expensive components of a home are the kitchen, the bathroom, and yeah, there's a lot of fixed costs involved up front. So the larger you build, the lower it gets on a cost per square foot basis. And it also depends on where you're building in the Bay Area and Los Angeles, there is somewhat of a contractor shortage. So the cost of labor is a little bit higher. But we see that as an advantage for using prefab because since most of the building happens in a facility, there's not a whole lot of labor needed on site. So the prices can vary. It depends on the site, but I think that 300 to 400 a square foot ranges is pretty accurate.

Nichole Stohler

And you don't have a minimum - what's your minimum size that someone would build?

Saliq Hussaini

We could do 250 to 300, generally is the minimum size that we prefer to build with. We think that gives enough space for a studio, but we're seeing the average is in that anywhere between 550 to 650 is what people are looking for on average.

Nichole Stohler

Wow. Okay, so right now you're in the Bay Area, Los Angeles, and also what other area, but those are the two?

Saliq Hussaini

We could also do some of the cities like Santa Barbara, we've explored San Diego, but for the most part of the greater Los Angeles area and Bay area.

Nichole Stohler

Yeah, and I can see that you're sending someone out on site, you're doing this. There's a lot of in person components to that at least from your side of things. All right. So if someone is listening from Florida as an example, what what kind of help or resources would you recommend for them?

Saliq Hussaini

Yeah, we love to give advice about accessory dwelling units in general. So you're always welcome to come to our site and schedule a free phone call. And yeah, we hope to as a company expand to different markets as time goes on. Considering how with prefab, you know, we can ship our flat pack components to many parts of the country. So we hope to reach out to different markets such as Florida in the near future, but yeah, please give us a call. And we'd love to help out any way we can. And if we do have a partner, or a vetted contractor in your area will absolutely give you the connection.

Nichole Stohler

I love that you have so many resources you help to make the process turnkey for at least your your California folks that you're working with and you're willing to help out, or at least provide advice to other areas in the country. So we've talked about all these great things. What challenges do you recommend people are aware of when building at you?

Saliq Hussaini

Yes, when you're heading into an accessory dwelling unit project, we've seen many customers And homeowners have a budget or a price in their mind. And they just assume that it's Oh, you know, I can do this for 75 \$50,000. No problem. Making sure you work with contractors that are transparent about their price is very important. Because just because the contractor gives you a number at the price that you're looking for doesn't care including all what goes into building an ad you. So I would say vetting your contractor, making sure there's someone or a company that has built a to use in the past. The codes vary from city to city and you don't want to go down the process of spending money on designs like oh, well, they don't work and having to go back and forth. It increases the time and the cost of the total project. We also try to encourage homeowners to avoid change orders during the build. We'd rather have a longer design process, then people changing their mind throughout the build. That's a surefire way To make it more expensive and more time intensive of a build, and if you're doing it yourself, which I think is awesome, I think that's really cool. Spent extensive time with your local city planning department, ask as many questions as you can. Cities are constantly updating what is allowed what isn't allowed. Even things like speaking to your local fire department about what you can

build in California, you have to be a certain footage from a fire hydrant. And certain zones aren't necessarily going to have the same setback requirements. So I think do your due diligence upfront and know what you're heading into. price wise is really important when building an interview. And yeah, if you find a contractor and architect you trust and really like the design then then absolutely go forward and pull the trigger.

Nichole Stohler

I do have to come back to the turnkey aspect of what you offer because you talk about going to the city and spending time with At the planning department and how close you have to be the fire hydrant, it just sounds like a bunch of work to me. I personally love that idea of turnkey. Alright, how can listeners get in touch with you or learn more?

Saliq Hussaini

Please reach out to us at www.buildshilo.com, that's S H I L O. You can also send us an email at Outreach@buildshilo.com. You can schedule a call, you can even find my personal phone number on the website itself. Don't hesitate to reach out even if you just have general questions about building an ad you whether it be us building for you or a different contractor. We want to just be involved and help out in any way we can.

Nichole Stohler

Fantastic. Solid. Thank you so much for joining us today.

Saliq Hussaini

Thank you. I really appreciate it.

Nichole Stohler

Thanks for tuning in to The Richer Geek Podcast. For today's show notes including links and resources. Visit us at the.richer.geek.com Don't forget to head over to iTunes, Google Play stitcher or wherever you get your podcasts and hit the subscribe button. Help us spread the word by sharing with others who could benefit from listening and leave a rating and review - that'll help us get the podcast in front of more people. I appreciate you. Thanks so much for listening.

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