

YOUR BACKYARD, TWO WAYS

Build an ADU or sell your unused yard: which pays you more?

Both turn your unused yard into real value. Here's how they compare for a typical San Diego homeowner, looking purely at each investment.

OPTION A

Build an ADU yourself

1,000 sq ft, 2 bed / 2 bath, 100% financed

+\$3,700

Net annual benefit

WHERE THE RENT GOES, PER YEAR

Rent collected	\$42,000
Loan interest	-\$28,000
Tax, management, vacancy	-\$10,300
Net to you	\$3,700

WHAT IT ASKS OF YOU

Upfront cost	\$400,000
New debt	+\$400,000

Your Role

Homeowner with Landlord Responsibilities

Yard Maintenance Required

Full lot with full responsibilities

OPTION B

Sell your unused yard to Now-Haus

4,000 sq ft of unused yard, \$150,000 to you

+\$14,600

Net annual benefit

WHERE THE SAVINGS COME FROM, PER YEAR

Lower mortgage payments	\$12,600
Lower property tax	\$2,000
Net to you	\$14,600

WHAT IT ASKS OF YOU

Upfront cost	\$0 — you receive \$150,000
Mortgage balance reduction	\$750K → \$600K

Your Role

Homeowner only

Yard Maintenance Required

Smaller lot with less to maintain

BASED ON THIS EXAMPLE HOME

2,000 sq ft

Primary residence

10,000 sq ft

Lot size

\$850,000

Purchased 2024, \$100K down

\$5,985 / mo

Current mortgage payment

\$10,900

more each year by selling your unused yard, with no new debt, no construction, and no tenants to manage.

HOW THE NUMBERS WORK

A closer look at each path

OPTION A · BUILD AN ADU YOURSELF		OPTION B · SELL YOUR UNUSED YARD	
Annual rent (\$3,500/mo)	\$42,000	Sale proceeds	\$150,000
Interest on \$400K at 6.5%	−\$28,000	Mortgage Balance Reduction	\$750K → \$600K
Property Taxes	−\$5,200	Monthly Mortgage Reduction	\$5,985 → \$4,935
Vacancy (one month)	−\$3,500	Mortgage savings per year	\$12,600
Property management	−\$1,600	Property tax savings per year	\$2,000
Net annual cash flow	\$3,700	Total annual benefit	\$14,600

SIDE BY SIDE

What each path asks of you

	<i>Build an ADU yourself</i>	<i>Sell your unused yard to Now-Haus</i>
Money out of pocket	About \$400,000 to build	None
Debt	Adds a \$400,000 loan	Cuts your mortgage by \$150,000
Monthly mortgage	Unchanged, plus a new ADU loan payment	\$1,050 less every month (\$5,985 → \$4,935)
Annual benefit	About \$3,700	About \$14,600
Your time	Construction, then tenants and repairs	Now-Haus manages the whole process
Your Risk	Vacancy, cost overruns, rate changes	None
Your property	Keep the full lot plus a rental unit	Smaller yard, less to maintain

On the numbers alone, selling your unused yard is a much better investment.

About this example. Illustrative only, not a quote or appraisal; results vary by property. Option B assumes that all sale proceeds go to the mortgage, and that the loan is recast or refinanced to lower the monthly payment (many lenders keep the payment the same after a payoff unless you ask). Tax treatment of the sale depends on your situation; consult a tax advisor. Option A assumes 100% financing at 6.5% interest only and excludes insurance, maintenance, and any added property value. Now-Haus does not provide tax, legal, or financial advice.