

ADU'S. ARE YOU READY TO BUILD ONE?

The addition of an accessory dwelling unit can increase the value of your property, provide rental income, accommodate a family member, or increase your living space. Discover what an ADU is, what its benefits are, and how to get started.



HOW TO ADU BY HPP CARES
DESIGN | FINANCE | CONSTRUCT | LEASE | PROTECT



A BRIEF INTRODUCTION

HPP CARES, a CDE HUD-approved housing counseling agency, offers its participants many services, including How to ADU: Design, Finance, Construct, Lease, and Protect. At its core, HPP CARES CDE meets people where they are and moves them forward while laying the solid foundation for making informed decisions. **#Offeringtangibleadvicewithoutanagenda**

ADU's have many rewards, but any reward comes with responsibilities. As part of the educational webinar, you will be attending, we also wanted to provide you with a pre-course assignment that will kick off your learning journey. We have been doing these educational webinars for a while and felt that there is a lot of content provided during our 2-hour session so why limit the learning experience to the session but instead get property owners moving in the right direction prior to our webinar. This pre-course assignment and educational webinar has been designed so you can think about the process in bite-sized pieces, not to overwhelm you, rather to give you assurance that you have a trusted partner to guide you along the way. Therefore, please use our guide as a tool for your ADU project.

Questions? Contact us.

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Cover photo courtesy of inspiredadus.com

Accuracy and Changing Laws: Second unit ADUs are changing frequently and some information in this book may change after its July 2022 printing. All information should be verified with your city. You can also check the [Houzd by HPP CARES CDE website](#) for updated information.

THE WHY

The State of California is in Crisis Mode – **which requires a different infusion of a different solutions to the housing shortage.** Housing production in California is not keeping pace with demand. Fewer than half of the homes needed to keep up with population growth were built in the last decade. Newly constructed homes are also often located far from areas with a high level of employment. The lack of housing to meet people's needs is impacting affordability, particularly for renters in California. Increasingly, people drive a significant distance between their apartments and their workplaces as affordable housing becomes less accessible. Alternatively, they cram themselves into smaller spaces, reducing quality of life and polluting the environment.



STATE OF CALIFORNIA ADU REGULATIONS

SB 1069

A new bill signed by Gov. Jerry Brown on Sept. 27 could make living in someone's backyard much more common in 2017.

By reducing barriers and costs associated with building in-law or accessory dwelling units, the bill seeks to combat California's housing crisis by incentivizing California homeowners to build them.

The legislature defines an in-law unit as "a residential dwelling unit that provides complete independent living arrangements for one or more people." The unit must be built on the same parcel as the single-family dwelling, and it is required to be fully equipped for living, sleeping, eating, cooking, and sanitation.

As of Jan. 1, 2017, the bill will target some of the strict requirements that discourage homeowners from building ADUs, such as parking and utility hook-ups. By eliminating duplicate permits for water and electricity and removing the additional construction of fire sprinklers, the bill will eliminate duplicate permits for water and electricity. Also, the legislation removes the requirement that homeowners provide a parking space in certain instances, such as when the residence is within a half mile of public transportation.

The following is a summary of recent legislation that amended ADU law: AB 3182 (2020) and SB 13, AB 68, AB 881, AB 587, AB 670, and AB 671 (2019). Please see Attachment 1 for the complete statutory changes for AB 3182 (2020) and SB 13, AB 68, AB 881, AB 587, AB 670, and AB 671 (2019).

BENEFITS

Financial Security | Providing for Family | Creating Options

ADUs can serve a variety of needs—an additional revenue stream, from rental income that can reduce monthly expenses, provide personal space for extended family, or offer you more freedom as you age by downsizing and freeing up the main home for rental. Based on your understanding so far, how will an ADU benefit you?

1. _____
2. _____
3. _____

ADU 101

ADU Zone

Terms: single-family residence (SFR) , multi-family residence (MFR) agricultural residence (AFR)

Zoning codes are a set of rules that regulate what can and can't be done on a particular piece of property. They're established and enforced at the city level. In California, you can find [zoning codes](#) (this is an example for Los Angeles) for virtually every city in the city's municipal code.

An ADU is permitted if:

The property is within a zone where a single-family residence (SFR) , multi-family residence (MFR) agricultural residence (AFR) is allowed.

For coastal areas, please refer to the applicable [Local Coastal Program](#).

- A legal SFR or MFR exists on the property, or an SFR is proposed to be built concurrently with the ADU.
- A discretionary review application is required (Oak Trees, Shared Wells, etc.), but it may restrict the ADU

An ADU is NOT permitted if:

- Not zoned to allow an SFR or MFR.
- Located in a Very High Fire Hazard Severity Zone (VHFHSZ) and does not have two means of access to a highway.

My property is:

- Single-family residence (SFR) Multi-family residence (MFR) Agricultural residence (AFR)

ADU Variations – Development Standards

Depending on their location relative to the primary dwelling unit, ADUs can be classified into three categories: Detached, Attached and Interior.

Detached

The unit is separated from the primary structure SFR or MFR AFR.

Unit can be a Guesthouse, Recreation Room, Garage, or Storage Unit.

Attached: The unit is attached to the primary residence SFR or MFR or AFR, with one common wall. Or conversion of space within a SFR or MFR or AFR.

Interior

The unit is located within the primary dwelling SFR max 500 sq ft, and are typically built through conversion of existing space, such as an attic or basement. Contained entirely within SFR or attached garage.

Common examples of ADUs include a dwelling over a detached or attached garage, suite above the main floor of the home, basement apartment, or detached structure such as a guesthouse or backyard cottage.

On a lot with an existing MFR, the maximum number of attached ADUs is 1 or 25% of existing MFR units, whichever is greater; and the maximum number of detached ADUs is 2. Any additional non-conforming legal units will be considered as a MFR

ADU Type

ADU have three variations:

Depending on their location relative to the primary dwelling unit, ADUs can be classified into three categories: Detached, Attached and Interior.

- **Detached:** The unit is separated from the primary structure
- **Attached:** The unit is attached to the primary residence with one common wall.
- **Interior ADUs:** Located within the primary dwelling, and are typically built through conversion of existing space, such as an attic or basement.

ADU (accessory dwelling unit)

A smaller, independent residential structure on the same lot zoned for single-family residence (SFR) , multi-family residence (MFR) agricultural residence (AFR). You may know an ADU as a granny flat, in-law apartment, carriage house or secondary suite.

To qualify as an ADU, the additional living area needs to include the following:

- **A kitchen.**
- **A bathroom.**
- **A separate entrance.**

An ADU does not share utilities but may share walls with the primary unit, but it does not need to include a bedroom.

JrADU (junior accessory dwelling unit)

Junior accessory dwelling units- simply put JrADU is a smaller version of an ADU. Under California state law, homeowners can now build both an ADU and JrADU on their property.

JrADU follows the following guidelines – some which differ from an ordinary ADU.

- Located within the existing walls of a primary home, including within the attached garage.
- Owner occupies the rest of the house
- Separate exterior entrance
- Efficiency kitchen: sink, cooking appliance, counter surface, and storage
- Shared utilities
- May share a bathroom with primary residence

JrADUs vary in size from 150 sq ft to 500 sq ft (maximum size 500 sq ft).

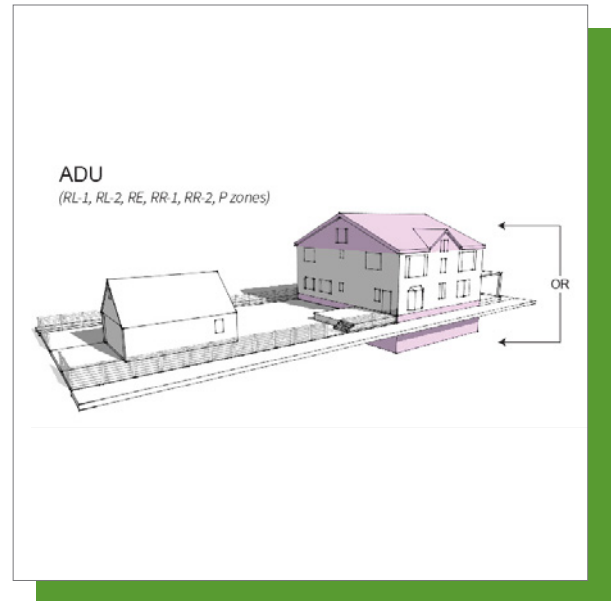
UDU (unpermitted dwelling unit)

Range from unpermitted garages to basements.

A secondary dwelling unit located in a single-family Zoning District (R-1), being maintained illegally, either in non-compliance with the Lyons Zoning Code (has not been through a use review/permitting process and approved), or not compliant with International Building and Fire Codes. Some UDUs may become compliant uses either through Building Dept. inspection/approval and/or a Conditional Use Review. Some units may not be able to become compliant uses and will therefore be required to cease use as a dwelling unit.

Please note: Most cities established an amnesty period at the time they initially adopted their ADU regulations. The amnesty timeframes are set only for a certain amount of time and expire when the time frame ends.

Many beginning ADU'ers, upon realizing that they now have options to combine these, start to really see how they may start to maximize on the opportunity to possibly house a loved one or create multiple options for residual income.



Now that you understand ADU, JrADU and UDU, take a moment and think of how your property the various combinations that you may incorporate in your ADU project.

ADU COMPARISON

Single Family Homes

Types of ADUs	ADU Attached: Conversion Within Existing SFR and/or New Construction	ADU Detached: Conversion Within Detached Accessory Structure and/or New Construction	JrADU: Entirely within Existing or Proposed SFR
CA Govt. Code Sections	Sections 658.2 and 65852.22	Sections 658.2 and 65852.22	65852.2.a.1.D
Eligible Parcel	Zoned Residential R-1 SFR	Zoned Residential R-1 SFR	Zoned Residential R-1 SFR
Property Type	Garage conversion, basement, attic, above garage apartment, remodel expansion	Garage conversion, basement, attic, above garage apartment, remodel expansion	Limited to 1 JrADU per residential lot zoned for single-family residences. Located within the existing walls of a primary home, including within the attached garage.
ADU Min Size	150 sq ft	150 sq ft	150 sq ft
ADU Max Size	50% of existing SFR or 1200 sq ft whichever is less, provided at least an 800 sq ft ADU is allowed	The total area of floor space of an attached accessory dwelling unit shall not exceed 50 percent of the proposed or existing primary dwelling living area or 1,200 sq ft.	500 sq ft
Footprint	N/a	If the existing garage is demolished, an ADU with the same dimensions, including height, can be built on the footprint of the existing garage.	N/a
Setback	There are no setback requirements from the side and rear property lines if the footprint doesn't change. Garage additions must meet setback requirements, which cannot exceed 4' from the rear and side property lines in local jurisdictions. Front: Title 22	There are no setback requirements from the side and rear property lines if the footprint doesn't change. Garage additions must meet setback requirements, which cannot exceed 4' from the rear and side property lines in local jurisdictions. Front: Title 23	N/a
Parking	No replacement parking is required for an ADU.	No replacement parking is required for an ADU.	Local government may require replacement parking for a JrADU garage conversion.
Fire Safety	Fire sprinklers are not required if the primary dwelling does not have sprinklers	Fire sprinklers are not required if the primary dwelling does not have sprinklers. Local government may require sprinklers if ADU does not meet local fire access requirements (i.e. less than 150-200 feet from curb). Building code may require a fire-rated wall if the ADU wall(s) is/are within a certain distance from: a) the main house and/or b) the side or rear property lines	Fire sprinklers are not required if the primary dwelling does not have sprinklers

ADU COMPARISON

Single Family Homes

Types of ADUs	ADU Attached: Conversion Within Existing SFR and/or New Construction	ADU Detached: Conversion Within Detached Accessory Structure and/or New Construction	JrADU: Entirely within Existing or Proposed SFR
Access	Must have an exterior entrance separate from the main house. ADU may have—but is not required to have—a doorway between it and the main dwelling (subject to local rules).	Must have an exterior entrance separate from the main house	Must have an exterior entrance separate from the main house
Bathroom	May share a bathroom with primary residence if JrADU. Therefore when used as a <ul style="list-style-type: none"> ▪ JrADU—a bathroom is not required. The main dwelling may share a bathroom with the JrADU. ▪ ADU—a bathroom is required. 	A bathroom is required	May share a bathroom with primary residence
Owner Occupancy	New ADU legislation removed the owner-occupancy requirement for ADUs through 2024	New ADU legislation removed the owner-occupancy requirement for ADUs through 2024	New ADU legislation removed the owner-occupancy requirement for ADUs through 2024. However, if a property has both an ADU and JrADU, JrADU law requires owner occupancy of either the newly created JrADU or the single-family residence. For more information on this, you can also review CA Gov. Code 65852.22(a)(2).
Amenities	Kitchen, bathroom, and a separate entrance	Kitchen, bathroom, and a separate entrance	Efficiency kitchen: sink, cooking appliance, counter surface, and storage
Utilities	Can be separate utilities or if a JrADU shared utilities	Separate Utilities	Shared Utilities
Impact Fees	An ADU is exempt from incurring impact fees from local agencies, special districts, and water corporations if less than 750 square feet. Should an ADU be 750 square feet or larger, impact fees shall be charged proportionately in relation to the square footage of the ADU to the square footage of the primary dwelling unit.	An ADU is exempt from incurring impact fees from local agencies, special districts, and water corporations if less than 750 square feet. Should an ADU be 750 square feet or larger, impact fees shall be charged proportionately in relation to the square footage of the ADU to the square footage of the primary dwelling unit.	An ADU is exempt from incurring impact fees from local agencies, special districts, and water corporations if less than 750 square feet. Should an ADU be 750 square feet or larger, impact fees shall be charged proportionately in relation to the square footage of the ADU to the square footage of the primary dwelling unit.

See next page for additional information on UDUs (Unpermitted Dwelling Units).

ADU COMPARISON

Single Family Homes

Types of ADUs	UDU
CA Govt. Code Sections	Visit Local Building & Safety Office
Eligible Parcel/ Property Type	Zoned Residential R-1
Setback	Range from unpermitted garages or basements
Parking	A UDU is an unpermitted dwelling unit
Fire Safety	A secondary dwelling unit located in a single family Zoning District (R-1), being maintained illegally, either in non-compliance with the Lyons Zoning Code (has not been through a use review/permitting process and approved), or not compliant with International Building and Fire Codes. Some UDUs may become compliant uses either through Building Dept. inspection/approval and/or a Conditional Use Review. Some units may not be able to become compliant uses and will therefore be required to cease use as a dwelling unit. First step is to visit the local Building and Safety to the property address. Many cities and counties are offering amnesty period therefore no fines. Regardless if you have someone residing in an unpermitted unit and the individual is hurt you could be held liable for far more than penalties for an unpermitted unit.

An UDU (Unpermitted Dwelling Unit) ranges from unpermitted garages to basements.

A secondary dwelling unit located in a single family Zoning District (R-1), being maintained illegally, either in non-compliance with the Lyons Zoning Code (has not been through a use review/permitting process and approved), or not compliant with International Building and Fire Codes. Some UDUs may become compliant uses either through Building Dept. inspection/approval and/or a Conditional Use Review. Some units may not be able to become compliant uses and will therefore be required to cease use as a dwelling unit.

Contact your local Building and Safety Department for more information.

Multi-Unit ADU



Conversion

- Conversion of an existing non-habitable portion of a multi-unit development
- Allowed on all residential and mixed zoned properties that are improved with multi-unit dwellings
- At least one and no more than 25% of the existing unit count in the multi-unit development



Detached

- Construction of a new ADU as a detached accessory building
- Allowed on all residential and mixed zoned properties that are improved with multi-unit dwellings
- Two units

Our Training and Advocacy Team can't wait to meet you and continue making ADUing simple. Email us at adu@hppcares.org or call **562.281.8861**

VISION

What do you envision?

In prior section you noted the benefits to ADU. Please use the section below to list some of the overall goals and concerns you may have with ADUing.

CONCERNS

- Will my property taxes increase?
- What will costs be?
- How will I finance?
- What are parking requirements?

GOALS

- Planning for retirement
- Downsizing/move from main home
- Housing a family member
- Rental Income

For more information, view the [FY2022 Final Fair Market Rents Documentation System](#).

ADDITIONAL THOUGHTS

Draw a rough sketch of your property.

Use this section to sketch your existing property layout. It is imperative to draw a site plan for your own planning as well as for getting city approvals. An outline of your property shows your lot line and key information like buildings, setbacks, and lot boundaries. The final version is usually created by a professional, but a rough sketch can be useful as a starting point. Drawing major elements like building footprints, driveways, trees, and nearby features is the first step in the process.

EXISTING PROPERTY LAYOUT



What combination are you looking to do? (choose one)

- ADU and JrADU ADU JrADU ADU, JrADU, and UDU

NOTES:

What sort of income are you expecting?

How quickly are you looking to get the project done?

- 3 months 6 months 9 months 12 months

What does the finished project look like?

Exterior

Interior

Color: _____

Decide the finishings (name, item number, and seller)

Faucet: _____

Lighting: _____

Fixtures: _____

Flooring: _____

Appliances: _____

Take photos of your property (save to your phone/computer)

Street View Alley Front Backyard Side 1 Side 2 Electrical Lines

Materials

Builder-grade material (typical apartment—standard)

Mid-grade materials (longevity between tenants)

Luxury (high-end)

Predevelopment Cost

How do you plan to pay for your predevelopment cost? Saving? 401K? IRA?

Currently CALHFA ADU Grant is a grant that will reimburse pre-development cost; therefore, you will need to cover some of the cost upfront to get the project started. Access to \$15,000 to \$25,000 is ideal.

Search your project address

See what you can build

Estimate the cost of your project

View ADU estimator

LOCATE LOCAL BUILDING AND SAFETY

Check zoning codes before you get started

Before you add an ADU to your home, you will need to learn about the zoning code that applies to your property and the surrounding area. Understand each jurisdiction through the state have issued the state regulation. Each state provided ADU ordinance differently. Therefore you need to check in with your local building and safety to ensure you comply with their ordinance.

To find your local zoning code, you can:

- Check to see if your local government's website has a section for zoning
- Reach out to your local zoning or building code office
- Contact the municipal planning department

Locate city or county subsidy program In addition to CALHFA ADU Grant

- Check your local government's website
- Check out [Lehvl \(ADU\)](#)

Hopefully, this pre-course assignment confirms that the webinar you will be attending is layered with all the necessary steps and resources so you can move forward with your project, whether you are starting from scratch or overcoming hurdles that may hinder your progress. With education and resources, Houzd by HPP CARES CDE makes ADU'ing easy.



MEETING WITH CITY PLANNING DEPARTMENT

The best way to learn about the potential for and restrictions on the ADU project is to contact your city's planning department early in the process. It is possible to ask questions about planning/zoning in most cities without an appointment at a planning/zoning counter. Depending on the city, you might need to make an appointment. As ADU are often referred to as accessory dwelling units or ADUs, the workbook uses that acronym in this section.

This resource booklet (or notebook) should be brought with you.

Here are some questions to ask the city planner.

1. Do I have the right to build an ADU on my property?

2. Is there any additional information or handouts available from the city? Does the city's website have resources for ADUs?

3. Do you have any tips for avoiding common pitfalls?

4. Would you be able to explain the city's ADU approval process?

5. When do applicants have to resubmit their plans and how often do they need to do so?

6. How many lots are covered by my zones FAR? Is there anything else I should know about zoning standards?

7. What is the current floor area of my home? Does the city have an estimate?

8. What is the coverage of my lot according to the city?

9. Does parking need to be added? Does my existing home meet the parking requirements? Can I qualify for a state law parking exemption?

10. What is the legal status of my garage if I am incorporating or demolishing it?

11. Is there any restriction on what I can do with my ADU?

Department of Water and Power

- Why do I need to have the Water and Power Department review my ADU plans?
- When should I contact the Water and Power Department?
- Is there a group who handles the encroachment application?
- Who handles the electric service and meter spot?
- What must be provided for The Water and Power Department in order to review ADU plan review?
 - Items: Plot plan & Elevation Plan
- How will the review process typically take to complete? Can the plans be submitted electronically?

Clearance requirements

- What are the clearance requirements under public utilities commission?
- What is the title 8 rule?

THE ADU TERMINOLOGY GUIDE

The process of building an ADU can be difficult when you don't know where to begin. The process runs more smoothly when you understand the ADU terminology. This glossary contains common terms you will need for your project throughout the design and construction process. When you're moving through each step of your project, you can refer back to this page as a resource.

Zoning terms

- **Accessory Dwelling Unit (ADU):** The accessory dwelling unit (ADU) is a second, complete residence built next to or within a single-family home. With an ADU, you have the ability to live independently, including a kitchen, bathroom, entryway, and other amenities. ADUs are typically not allowed to be sold separate from the primary home.
- **Detached ADU:** A detached ADU is established in a newly built or existing structure that is detached entirely from the primary dwelling. These units are most commonly referred to as backyard cottages, carriage homes, and laneway houses.
- **Attached ADU:** An attached ADU is established within or connected to a primary home. For example, a basement conversion, garage apartment, or in an in-law unit connected to the primary home. These may be referred to as a "Granny Flat", but these terms may not be exclusive to each type of unit.
- **Junior ADU:** A junior ADU is located entirely within the existing walls of an established single-family home. In California, they are required to be less than 500 square feet of living space. A private bathroom is not required, provided that the JrADU has full access to a bathroom in the principal residence and off-street parking is not required. Unlike an ADU however, these homes require owner occupancy, meaning the owner of the property must reside in either the JrADU or the primary home if they are to rent out either one.
- **Setbacks:** A setback is the distance which a dwelling or other structure is required to be set back from a front (sidewalks & streets), rear (alleyway), and adjacent properties lines (neighbors). For example, a four-foot rear setback means that the structure cannot be built within four feet of the rear property line.
- **Floor Area Ratio:** FAR is the ratio of a dwelling's total square footage (livable floor area) to the square footage of the parcel of land on which it is built.
$$\text{FAR} = (\text{total floor area of existing habitable structures}) / (\text{area of the parcel})$$
- **Architectural Compatibility:** In many jurisdictions ADUs are required to be "architecturally compatible" with the primary home and sometimes the surrounding neighborhood. This typically means that exterior features including roof pitch, siding, windows, doors, and colors must match those of the primary dwelling. These are commonly referred to as "design requirements," and they may be reviewed by your city on a discretionary basis, so it is important to familiarize yourself before going too far along with the design process.
- **Lot Coverage:** Lot coverage is calculated as the percentage of the total area of the lot which can be covered by dwellings and other structures. Calculating your existing lot coverage will help you determine if there are any additional restrictions that will determine the maximum size of your ADU. Due to new state laws, this may not restrict an ADU that is less than 750 square feet, and many properties are eligible for more.

$$\text{Lot Coverage} = (\text{total area of building envelopes}) / (\text{area of the parcel})$$

- **Parking requirements:** Some ADUs may trigger a parking requirement, in which you may be required to construct some sort of off-street parking for the ADU. In many jurisdictions, these requirements may be waived entirely. Almost no ADUs will require more than one parking space, and most will have their requirements waived when they meet certain qualifications. You can use our property checker to see if your property would require parking.
- **Discretionary Review (DR):** The authority of a planning department to review projects and determine compliance on a case-by-case basis and implies that even projects that meet all defined zoning requirements may still be denied. Under new state law, almost all ADU projects are not subject to discretionary review.
- **Ministerial Review (MR):** A “by-right” process for streamlined approval of projects that are determined to be allowed based on the zoning compliance of the project. Jurisdictions in California have been moving to a MR process as housing production has become so necessary in the state.

Financing Terms

- **Home Equity Line of Credit (HELOC):** Often called a “HELOC,” a home equity line of credit is a loan in which the lender lends money to a homeowner, using the homeowner’s equity in the home as the collateral. (Also known as a second mortgage).
- **Cash-out refinancing:** A cash-out refinance is a replacement of a first mortgage where additional cash is lent to the homeowner typically based on their built equity and appreciation since the last mortgage was issued. The interest rates on a cash-out refinancing are typically lower than the interest rate on a HELOC. Closing costs are typically paid in a cash-out refinance.
- **Appraisal:** An estimate of how much your property is currently worth or will be worth after construction. Appraisals come into play when you are applying to finance your project or when you are in the process of selling your home. ADUs can contribute to the appraisal value of properties but only once they are completed.
- **Assessment:** A home assessment is a value estimate assigned to your home through a standardized process for the purpose of determining property taxes for the property.
- **Property tax:** The tax to be paid by property owners to state or local government which is determined by an assessment. Typically, these taxes are paid tax annually, semi-annually or as part of a monthly mortgage payment.
- **Fixed rate loan:** The interest rate does not change for the life of the loan.
- **Loan to value ratio:** The ratio of the loan(s) on a property compared to the appraised value of the house. If a property has an appraised value of \$1,000,000, a \$600,000 mortgage and a \$100,000 HELOC, the loan to value would be 70%. Different banks/ products will lend up to different loan to value ratios.
- **Private mortgage insurance (PMI):** PMI is an extra charge banks may add on to loans they consider riskier. It can often add 0.5 to 1% to the interest rate. This is more likely to be added when the borrowers have low equity and/or a low credit score.
- **Rate and term refinance:** The most basic refinancing of your mortgage where no money is taken out. The only things that might change are the size of the loan, the interest rate and the term (length) of the loan.



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