



TODAY'S WEBINAR:

New Law Update for ADUs

Meet Our Panelists



Steve
Edrington
President

- Real Estate Broker, 25+ yrs.
- Executive Director and lobbyist for EBRHA, 11 yrs.
- Constructed and consulted on ADUs since 2017
- Expert witness, 10+ yrs.
- CCIM, CPM, CCRM



Phil
Barthman
Inspector

- Alameda Co. Building Inspector, 20+ years
- Electrician, 40+ years
- ICC Commercial Combination Inspector
- ICC Combination Inspector



Gracie
O'Rourke
Architect

- Licensed architect
- 15+ years of experience
- ADU specific experience



Harry Payne
Mortgage
Broker

- Home loans for 35 yrs.
- Senior Loan Officer at Primary Residential Mortgage
- ADU Financing Specialists
- NMLS#527266

Disclaimer

This presentation is an overview only and should not be construed as legal advice. Our comments are general in nature and may or may not apply to your specific situation. Always consult competent legal counsel before you or a client engage in terminating a tenancy.

Agenda

- Recap existing and new state ADU laws
- Local resources and updates
- Conversions and legalizations
- Financing and getting started

Part One

RECAP EXISTING STATE LAWS

What is ministerial approval?

“A ministerial decision involves only the use of fixed standards or objective measurements, and the public official cannot use personal, subjective judgment in deciding whether or how the project should be carried out.”

Source: San Francisco Planning Department

Options for Single-Family Lots

PER STATE LAW – LOCAL JURISDICTIONS MAY OFFER MORE BUT NOT LESS

1. Build new attached structure



Image: Paul Schraub on Houzz

2. Build new detached structure



Image: buildinganadu.com

3. Convert existing space (attached or detached)



Image: Adapt Dwellings, Inc.

Local jurisdictions may limit size to 850 sq.ft for 1 BR or 1000 sq.ft. for 2+ BR

- If over 800 sq.ft., total floor area can not exceed 50% of the primary dwelling
- Setbacks at least 4 ft.
- Min. height allowance 16 ft.

- If no local max size, state max for detached ADU is 1200 sq.ft.
- Local ordinances can allow over 1200 sq. ft.
- Setbacks at least 4 ft.
- Min. height allowance 16 ft.

- No maximum sq.ft. if within an existing structure
- Eligible for 150 sq.ft. expansion for ingress/egress
- Option for JADU (500 sq.ft. max and within SFR envelope)
- 1 JADU + 1 detached ADU allowed (with owner-occupancy)

Options for Multi-Family Lots

PER STATE LAW – LOCAL JURISDICTIONS MAY OFFER MORE BUT NOT LESS

1. Convert non-habitable space



Image: Adapt Dwellings, Inc.

2. Build up to 8 new detached ADUs



Image: buildinganadu.com

Local jurisdictions may limit to 850sq.ft for 1 BR or 1000sq.ft. for 2+ BR

Local jurisdictions can limit a single property to one option, or allow both concurrently

- All 2+ unit properties are allowed at least 1 conversion ADU
- For larger properties, you can have 1 conversion ADU for every 4 existing units
- Presents opportunity to legalize unpermitted units

- All 2+ unit properties are allowed up to 2 new detached ADUs
- If no local max size, the state max for detached ADU is 1,200 sq.ft.
- Local ordinances can allow over 1,200 sq. ft.
- Setbacks at least 4 ft.
- Min. height allowance 18 ft.

Changes for 2025

SB1211 - Additional ADUs allowed

- Allows up to 8 detached ADUs with an existing multifamily dwelling, provided that the number of ADUs does not exceed the number of existing units.
- Allows up to 2 detached ADUs on a lot with a proposed multifamily dwelling.
- Prohibits replacement parking for an uncovered parking spot converted to an ADU.

Changes for 2025

SB1077 Coastal Commission Approval

- Removes Coastal Commission review of ADUs, with some exceptions for specific locations.

Changes for 2025

AB2533 Illegal units

- Prohibits a local agency from denying a permit for an unpermitted unit constructed before January 1st, 2020.
- Requires a local agency to inform the public about the provisions prohibiting the denial of a permit for an unpermitted unit.
- Requires the local jurisdiction to provide a checklist of conditions that deem a unit substandard. The owner may obtain a confidential third-party code inspection from a licensed contractor.

Changes for 2025

AB2533 Illegal units

- Prohibit a local agency from requiring an owner to pay impact fees, connection charges, or capacity charges for an unpermitted unit.
- Requires the local agency to inspect the unit upon receiving an application and provide recommendations on complying with health and safety standards.

What else is in the state laws?

AB 68, AB 881, SB 13, AB1033, SB9865 AB2221

- **Replacement parking:** Not required when parking is demolished for an ADU.
- **Owner-occupancy:** Not required. Local judications can require tenancies for more than 30 days.
- **Impact fees:** A new ADU under 750 sq.ft. cannot be charged (proportional thereafter).
- **Zoning corrections:** Correction of nonconforming zoning conditions on existing structures can not be required for permit approval.

What else is in the state laws?

AB 68, AB 881, SB 13, AB1033, SB9865 AB2221

- **Building Corrections:** The owner can request to delay NOV for 5 years when corrections are not necessary to protect health and safety.
- **HOAs:** May not prohibit or unreasonably restrict ADUs that meet standards of the Government Code.
- **Condo Conversion:** Allows local agencies to adopt ordinances to allow the separate conveyance of an ADU from the primary residence as a condominium.
- **Front Setbacks:** Prohibits local governments from imposing front setback standards.

Part Two

LOCAL ADU UPDATES

Current ADU In-Progress

Original



Proposed



Current ADU In-Progress

Original



Proposed



Current ADU In-Progress



Part Three

CONVERSIONS & LEGALIZATIONS

Garage Conversion

Original

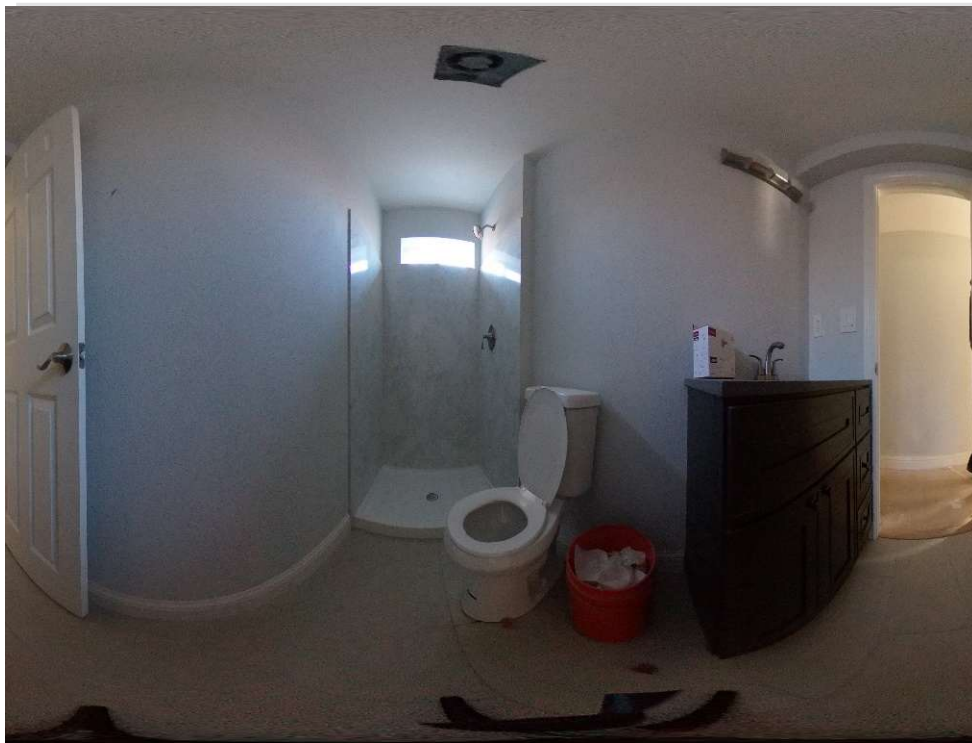


Completed



Rescued client from disaster

Original



Completed



Building Code Considerations



Image: Peter Lyons / Edrington and Associates

- Ceiling height
- Drainage/water-proofing
- Ingress/egress (fire code)
- Windows
- Utilities
- Heating
- Sound
- Many more items

Legalizing Unpermitted Units

Questions	Answers
What is an illegal or unpermitted unit?	One without the proper certificate of occupancy.
How do you go about legalizing one?	Address code issues, get full plan set, apply to city as an ADU. We can help.
What if there are tenants living there?	Consult legal counsel.

CBC 111.1 and CRC 110.1 - Use and occupancy:

No building or structure shall be used or occupied, and no change in the existing occupancy classification of a building or structure or portion thereof shall be made, until the building official has issued a certificate of occupancy...

Rent and Eviction Controls

- Units with a new certification of occupancy are exempt for 15 years (AB 1482)
- Rented single-family homes will lose Costa-Hawkins Exemption when adding one or more ADUs to property

Part Four

FINANCING & GETTING STARTED

Financing Options

- 1st mortgage cash-out refinance (SFD, 2-4 units & owner-occupied or rental)
- 1st mortgage renovation loans using “after renovation value” (SFD, 2-4 units on owner-occupied & SFD on rental income)
- 2nd Home Equity Line of Credit (HELOC) “Traditional”
- Renovation 2nd HELOC using “after renovation value.”
- Existing savings/assets
- Single-family – Fannie/Freddie WILL count 75% of ADU rental income
- 5+ unit buildings: Commercial loan, ADUs add to DSCR

Risks and Opportunities

Risks

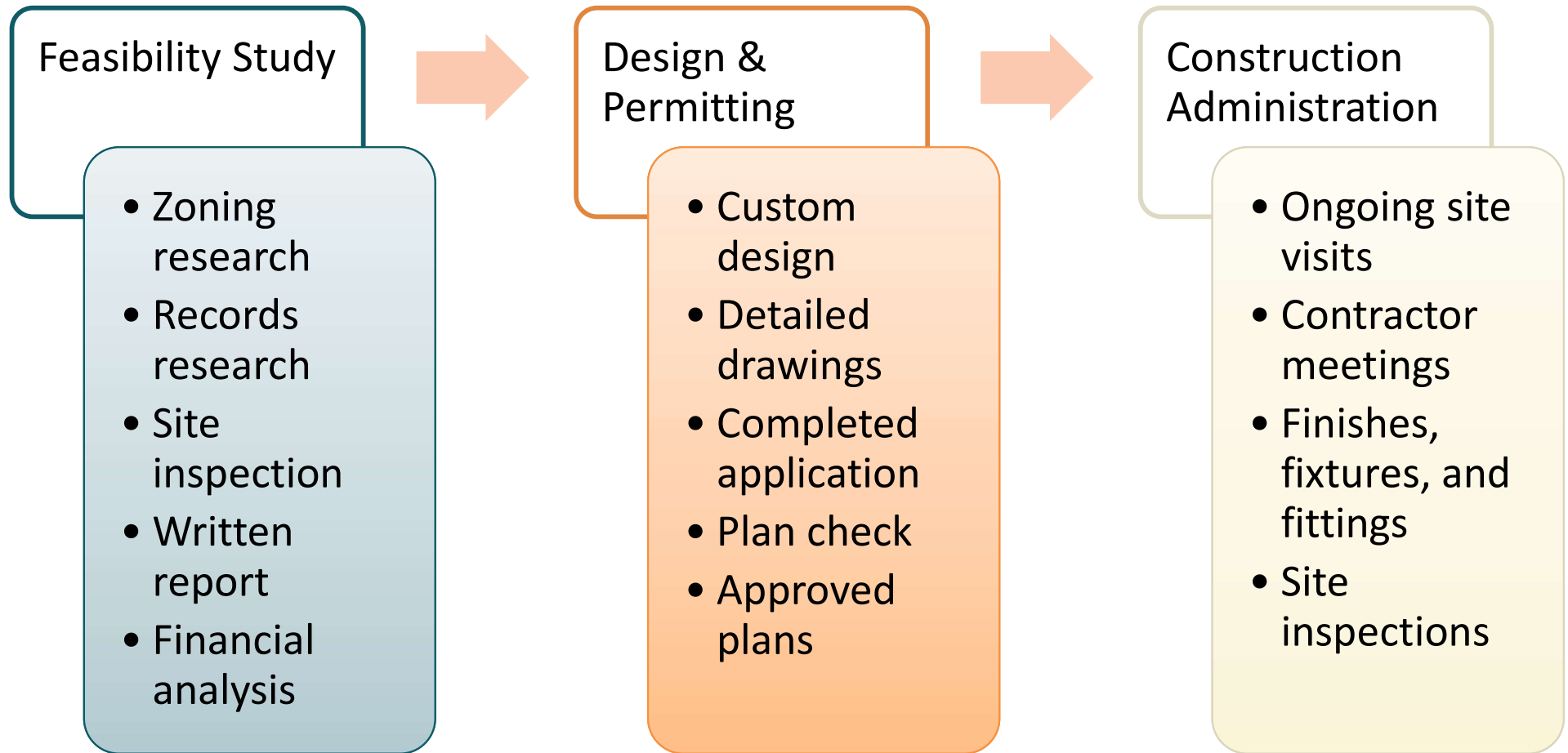
- Can be difficult to finance
- Sharing your lot
- Becoming a landlord
- Rent and eviction controls

Opportunities

- Substantial ROI
- Rental income
- Increase property value
- Increase housing supply
- Move in family members

Recommended ADU Process

(Adapt Dwellings Process)



Contact Us to Get Started

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Contact Information

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1-4 Residential,
ADU/Renovation loans



Concept to Keys ADU
Services, Feasibility
Studies, Architectural
Services, Construction
Services

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